

Aboriginal Business Development Toolkit



Supporting the growth of Aboriginal business in Ontario

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There are four qualities essential for modern business and they have long been practiced by Aboriginal people: risk taking, discipline, clarity of vision and meeting the needs of the community or the customer.

- Traditional economies had high degrees of **risk**, and true risk means risking one's own resources.
- **Discipline** means paying attention to the details to ensure that a business survives and grows. Traditional economies required personal discipline because survival and the success of the hunt required attentiveness to detail and the ability to make quick decisions under pressure.
- **Vision** and self-confidence are especially crucial to survive the first five years of business. Traditional entrepreneurs required a clear sense of results in order to feed, clothe and care for their families.
- Entrepreneurship involves the essential element of **meeting and exceeding the customers' expectations**. The traditional entrepreneur derived feelings of self-esteem through the ability to provide the essentials for family, clan and community members.

(Ron Jamieson, quoted in the Royal Commission on Aboriginal Peoples, 1996b: 885).

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INTRODUCTION

IS THIS TOOLKIT FOR YOU?

If you're an Aboriginal person thinking about starting or expanding a business, this toolkit has been developed with you in mind. While many helpful guides exist, this document includes considerations that may be of particular interest to you, your family and your community. Whether you live on-reserve, in a small town, or in a large city, this toolkit provides business development supports, tools and information to help you start and operate a successful business.

HOW TO USE THE TOOLKIT

This toolkit is designed to help you explore the many things you need to think about, research and undertake when starting a business. In each chapter, you'll find helpful information, checklists and questions for you to consider. If you're thinking about starting a business, begin with Chapter One. If you already own a business, you could refer to the table of contents and determine which chapter focuses on your particular area of interest.

As you read through the toolkit, you may find it helpful to write things down. It can be helpful to organize your thoughts and ideas in a single location, like a notebook or a file folder. Throughout the toolkit you'll see a symbol that looks like this  along with suggestions of what to think about and write down so that you can refer to them later.

At the end of this toolkit, you'll find a glossary of terms that offers short definitions of business-specific terms used throughout the toolkit. A word that looks like this indicates that a definition can be found in the glossary.

The toolkit includes the following chapters:

Chapter One: Is Business Ownership Right For You?

This chapter helps you decide whether owning a business is right for you. There's information about what's involved in owning a business, as well as a list of characteristics successful business owners often share. You'll start to think about the potential importance of your planned business for you, your family and your community.

Chapter Two: Is There a Business Opportunity?

This chapter is designed to help you think through your business idea so you can assess whether it may be successful. You'll begin to conduct research about the product or service that you plan to sell, the characteristics of the business sector/industry that you'll be operating in, your potential customers and competitors, and whether there's a market for what you want to sell. You'll also conduct some preliminary calculations about your business' ability to cover its costs and make a profit.

Chapter Three: Planning Your Business

This chapter guides you through the development of a business plan for your new business. Building on what you learned about your business idea in Chapter Two, you'll begin to look at ownership structure, location, operations, marketing and financing for your business. By the end of the chapter, you'll have completed a business plan and will have enough information about your business to complete funding applications from a variety of government and private sector sources. Your business plan will also help you begin discussions with potential partners or suppliers.

Chapter Four: Getting from a Plan to a Business

This chapter will guide you through the process of turning your business plan into a business reality. This chapter will cover the steps you need to take to prepare your business for its opening, from registering your business to preparing to open its doors. This chapter will also help you manage the operation of your business, day-to-day, season-to-season and year-to-year. Business operating schedules and cycles, tips for identifying cycles in your business and techniques for managing them effectively will all be discussed.

Chapter Five: Transitions

This chapter focuses on business transitions and will help guide you through the processes of business expansion, succession planning and responding to changes in the business environment.

DOING RESEARCH

Many of the steps included in this toolkit require you to find information. Here are some helpful tips on how to do your research:

Where's the information?

You can find information about owning a business on the Internet, at your local library or through an Economic Development Officer in your community.

People resources

Your best source of information may be the people around you. Talk to other business owners to find out how they started, what challenges they faced and how they market their products or services. You can also ask for any advice they can give you on starting your new business.

Visit the nearest Economic Development Office and ask questions. Visit the nearest Aboriginal Financial Institution or bank and talk to the manager about how you can finance your business. There are many other professionals (lawyers, accountants, consultants) who you should speak to once you've decided to put together your business plan.

The Internet

If you don't have a computer or Internet service, your local library or community centre may have computers for public use, as well as research experts who can help you get started. The Internet is a useful tool and can help you to locate information on a wide range of subjects.

Books, Magazines and Newspapers

There are many business magazines and books that provide helpful information for new or experienced business owners. Books are often comprehensive, but may contain more information than you need and may also be out of date.

Magazine articles are usually more focused and cover popular topics, but they may be limited to only the most current information and may not give you everything you need. Scholarly journals can be useful too, but they may also be limited in their scope.

Newspapers can be useful sources of information. Look at the business sections of the daily newspapers and the specialty papers in your sector or area of business. Community newspapers will give you an idea of the types of services that people offer or that are needed in your community.

Your local library will have many of these resources and you can also read some of them on the Internet.

What to do with the information?

It's always a good idea to sort the information collected from your research into specific topics – different folders for finance, marketing and business planning, for instance. Feel free to refer to it when you talk with professionals. The amount of information available can be overwhelming, so keep only the information that's useful for your business needs.

ONE MORE THING...

It's important to know that no one does it alone. Business ownership doesn't need to revolve around a single person. Business ownership can include a family, a community and many different types of partnerships. As you read through this toolkit, think about the people you can talk to about your business and who might work with you to own and operate it. You can reduce your risks and improve your chances of success by using the skills, knowledge and commitment of the people around you.

Business ownership can be very rewarding, but it does carry some risks. Taking the time to properly plan your business will help to reduce those risks. This toolkit is intended to help you start planning a business and to provide you with the information and resources that can help lead you to a successful business.

CHAPTER ONE: IS BUSINESS OWNERSHIP RIGHT FOR YOU?

This chapter will help you think about whether owning a business is right for you.

Exploring business ownership starts with thinking about why you want to own a business and what you hope to achieve. You'll then look at the qualities that make a business owner successful and begin to explore the qualities that you, as a potential business owner, possess.

It's important to realize that owning a business will have an effect on your life and may affect relationships with your family, friends and community. To encourage you to start thinking about this, there's a section on understanding the commitment of owning a business. This chapter will encourage you to explore the conditions of business ownership and will help you decide whether owning a business is the right thing for you at this time in your life.

WHY DO YOU WANT TO BE A BUSINESS OWNER?

As you consider whether or not to start a business, it can be very helpful to understand what's motivating you. Everyone has their own reasons and some may conflict with the realities of being a business owner. In this section, you'll have a chance to think about and document YOUR reasons for becoming a business owner. As you work through the rest of this chapter and the next, continue to think about what you hope to achieve by becoming a business owner and how you'll achieve it.

REASONS WHY PEOPLE START A BUSINESS

Sometimes people choose to start a business because they're inspired by a great idea. Other people start a business because there are very few jobs in their community. Some other reasons that people have for starting a business are:

- I have a great idea and I want to make it happen.
- I want to be my own boss.
- I want to make money.
- I want to make a difference in my community or in the world.
- I want to work from home.
- I see an opportunity and I want to take advantage of it.
- My parents' business needs me (or someone) to take over.
- I think I would be good at it.
- I want to enjoy what I do for a living.



WHAT ARE YOUR REASONS FOR WANTING TO START A BUSINESS?

Write down why you want to start a business. List all your reasons.

You may want to come back to this again at the end of Chapters 1 and 2.

WHAT'S IT LIKE TO OWN A BUSINESS?

There are many different kinds of businesses, each with their own challenges and rewards. One of the main differences between having a job and owning a business is that YOU are responsible for making the decisions. This can be both exciting and scary. The chart below lists some of the positive and negative aspects of running a business. Go through the list and decide whether you would find each challenge easy or difficult to manage.

Challenges and Opportunities in Owning a Business			
Things I value or can learn	Do I want it/Can I do it?		
	Absolutely	Could be a challenge	Neutral
Independence			
Rewards are tied to your efforts			
Long hours			
Flexible hours			
You make all the decisions			
Marketing yourself and your business			
Little or no pay at first			
You are the boss			
Hard work			
You think about all aspects of the business – people, money, products and services, marketing and <u>sales</u> , etc.			
You manage the risks			
Creativity			



ARE THERE OTHER CHALLENGES OR OPPORTUNITIES IN OWNING A BUSINESS?

Write down all the challenges and opportunities that owning a business may bring and think about whether these will be easy or difficult to manage.

YOUR BUSINESS STRENGTHS

In this section you get to think about the skills you need to be a successful business owner and whether you have the "right stuff."

As you look at the strengths and skills that lead to business success, think honestly about which ones you have, how they might be helpful in your business and what strengths you might need to find in someone else. This could be either a business partner or someone who works for you.

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

Business schools and business owners agree about many of the characteristics that contribute to the success of a business owner. Some of those characteristics are described below. Read through them and think about which ones you possess. There's a checklist in the next section that you can use.

Confident – you trust in your own abilities, even in the face of doubt and criticism from others.

Decisive – you're comfortable making decisions; willing to take responsibility for the consequences.

Organized – you can keep track of many different things at the same time.

Disciplined – you're able to stay focused on work, despite distractions.

Hard Working – you're ready and willing to make the effort required to get things done.

Independent – you're able to take initiative, make decisions and get work done by yourself.

Honest – you're truthful and law-abiding.

Persistent – you can keep going, even in the face of challenges and obstacles.

Sociable – you enjoy engaging with other people.

Optimistic – you can see the upside in most situations.

Risk-taker – you're willing to make decisions in the face of uncertainty.

YOUR SKILLS AND STRENGTHS

Start with the characteristics that you looked at in the previous section. Which ones do you have? Which ones don't you have?

	Me: Yes	Me: No	If not me, who do I know who has these skills?
Confident	<input type="checkbox"/>	<input type="checkbox"/>	
Decisive	<input type="checkbox"/>	<input type="checkbox"/>	
Organized	<input type="checkbox"/>	<input type="checkbox"/>	
Disciplined	<input type="checkbox"/>	<input type="checkbox"/>	
Hard Working	<input type="checkbox"/>	<input type="checkbox"/>	
Independent	<input type="checkbox"/>	<input type="checkbox"/>	
Honest	<input type="checkbox"/>	<input type="checkbox"/>	
Healthy	<input type="checkbox"/>	<input type="checkbox"/>	
Persistent	<input type="checkbox"/>	<input type="checkbox"/>	
Sociable	<input type="checkbox"/>	<input type="checkbox"/>	
Optimistic	<input type="checkbox"/>	<input type="checkbox"/>	
Risk-taker	<input type="checkbox"/>	<input type="checkbox"/>	

HELPFUL TIP:

If you're having trouble with this checklist, ask people who know you what THEY think about your strengths.

What other strengths and skills do you bring to your business?

- ☐ Previous management or leadership experience
- ☐ You've worked in this business or industry before
- ☐ Financial know-how
- ☐ Ability to motivate others
- ☐ Know how to get things going
- ☐ Trade or professional designation/certification/licence
- ☐ A business idea that you're passionate about
- ☐ Cash, credit, equity or other assets

ARE THERE OTHER STRENGTHS NECESSARY FOR OWNING A BUSINESS?

Consider all the strengths you have that can help you own and operate a business.

Are there strengths that are missing? Are there ways of getting those strengths?



HOW WILL THIS BUSINESS FIT WITH YOUR LIFE?

Owning and operating a business can take a lot of your time, attention and energy, so it's important to consider other responsibilities and obligations in your life. Understanding how a business will fit into your life will help you to make a better decision about the type of business to start, when to start it and how to operate it. In this section, you'll consider the responsibilities you have to yourself, your family and your community. In owning and operating a business, you may have to balance your responsibilities, so plan carefully to ensure that the people who rely on you will be looked after. You also may learn that something you already do could be turned into a business.

YOUR FAMILY

Things to think about: Impact of the business on your family

- What are your family responsibilities at this time?
- How will you manage them if you start a new business?
- Are these responsibilities likely to increase over the next few years, or will they decrease?
- Will the financial risks involved in owning a business have an effect on your family's needs and plans?
- Are there ways that your children or other family members could be involved in your business?

Things to think about: Impact of your family on the business

- Is there enthusiasm in your family for your business idea?
- Is your family worried about you starting a business?
- Are there people in your family who have started successful businesses?
- Are there ways for your family to help you in the business? Are they willing to?



WILL YOU BE ABLE TO MANAGE BOTH FAMILY AND BUSINESS RESPONSIBILITIES? WHAT IDEAS DO YOU HAVE FOR MAKING IT WORK?

Review your list of challenges and opportunities in owning a business and consider whether you'll be able to manage these alongside your family responsibilities. Explore options for making it work — will you be able to manage both family and business responsibilities? If something needs to change, what ideas do you have for making it work?

OTHER PARTS OF YOUR LIFE

People often have many responsibilities to look after or activities to participate in on a regular basis. What sorts of obligations do you have in your life?

Frequency	Examples	Your Responsibilities
Every week	School, hobbies, art or music, volunteer work (both formal and informal), physical activity	
Every month	Council or community meetings, church-related events, other volunteer activities	
Seasonally	Sports (either playing or coaching) Traditional activities (hunting, fishing, trapping, gathering medicines, dancing)	
Unscheduled or "on call" Commitments	Volunteer firefighter, etc.	



ARE THERE THINGS YOU MIGHT HAVE TO GIVE UP IN ORDER TO HAVE THE TIME AND ENERGY TO OWN AND OPERATE A BUSINESS?

How can you manage your time to ensure that you'll devote the necessary time and energy to your business while still having time to take care of your other responsibilities?

HOW WILL THIS BUSINESS FIT WITH YOUR COMMUNITY?

The relationship you have with your community may or may not be a factor in making the decision to own a business. In this section you'll think about the impact your business may have on your community and how your community may affect your business.

Describe your community:

I live on/in:

- ☐ Reserve
- ☐ Rural area
- ☐ Small town
- ☐ Large town/small city
- ☐ Major urban centre

I live in the _____ part of Ontario:

- ☐ Northwestern
- ☐ Northeastern
- ☐ Central
- ☐ Eastern
- ☐ Southwestern
- ☐ Greater Toronto Area

The main industry in my community is:

- ☐ Agriculture
- ☐ Mining
- ☐ Forestry
- ☐ Transportation
- ☐ Communications and media
- ☐ Arts and crafts
- ☐ Manufacturing
- ☐ Hydro
- ☐ Construction
- ☐ Tourism

Other: _____

EXAMINING THE IMPACT YOUR BUSINESS MAY HAVE ON YOUR COMMUNITY

Will your business....	Yes	No	Comments
...create jobs in your community?			
...buy supplies or materials from local businesses?			
...sell goods and services from your community to other communities?			
...have an environmental impact on the community?			
...bring increased traffic to the community? Is this good or bad?			
...contribute to the quality of life in the community			
...provide training to people in the community?			
...use up scarce resources?			
...add to the infrastructure of the community?			
...help to keep wealth in the community?			
...have no real impact on the community			
Conclusion: Overall, will the business benefit the community?			

Does the community....	Yes	No	Comments
...encourage new business development?			
...have existing businesses?			
...have people with the skills you need?			
...have the physical and information technology infrastructure you need?			
...know about your business idea?			
...have by-laws that affect your business?			
Conclusion: Will the community support your business?			



IS THERE A FIT BETWEEN YOUR BUSINESS AND THE COMMUNITY?

Your community has people with different experiences and skills that may be able to help you with your business. Examine the characteristics of your community, including the people and aspects of your community that are supportive of your business and those that are not. Does your business fit well within your community? If not, how can you make sure that your business and your community can work together to achieve success?

CONCLUSION

You're now at the end of this chapter. You've reviewed your reasons for wanting to own a business, your strengths and how your business will fit with your surroundings. You can now consider all of these things and complete this self-assessment to determine whether you think owning a business is right for you.

Completed Yes/No	Self-Assessment
	I know why I want start or run a business because:
	I have assets and strengths that will make my business a success. They are:
	My business can fit with my life. Here's how:
	My business and my community can benefit from each other. Here's how:
	I think business ownership is right for me <u>OR</u> I need to think about a different path

Business ownership isn't for everybody. If it seems that business ownership may not be for you, or the timing isn't right, there are other paths you can consider:

- ☐ Work for someone else
- ☐ Go back to school to acquire more skills
- ☐ Speak to a trusted friend or advisor who can help you find a different path

WHERE TO FIND SUPPORT AND MORE INFORMATION

Your community may have a number of business support services that you can use to help you consider whether business ownership is right for you. Economic Development Officers, Band Council offices, Aboriginal Financial Institutions, banks, government offices and other community members can all help you to explore business ownership. The following Internet links may also be helpful when considering business ownership:

Aboriginal Business Canada (Aboriginal Business Development Program)

ABC has Aboriginal business advisory services in five locations in Ontario.

www.ainc-inac.gc.ca/ecd/ab/abc or call 1-800-567-9604

BDC (formerly Business Development Bank of Canada)

www.bdc.ca/EN/i_am/aboriginal_entrepreneur

Consulting Services: 1-877-232-2269

Current links, organized by chapter, can be found at ontario.ca/aboriginaleconomy

Journey to Success – Aboriginal Women's Business Planning Guide

A comprehensive guide to starting a business with step-by-step description of how to start a business and how to develop a business plan.

www.ainc-inac.ca/ecd/pubs/js/js-eng.pdf

Small Business Enterprise Centres

There are numerous centres across Ontario to provide entrepreneurs with the tools they need to start up and operate a business.

www.ontario.ca/SBEC or call 1-866-668-4249

Starting a Business – Ontario Government Resources

www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_startbiz_en.jsp



Chapter Two: Is There a Business Opportunity?

Not all business ideas will work. In this chapter, you'll explore the market for your product: who would buy the type of product or service you're offering, if they'll buy it from you, whether you could offer it at a reasonable price and whether you could make a profit.

You'll also have an opportunity to decide whether there's a market for your product or service and if there's room for your business in that market. Whether you can produce the good or service efficiently is also an important consideration. If you're unsure of the market for your product or your ability to produce the product efficiently, seek out the help and advice of others.

While this chapter requires you to gather a great deal of information, there are a number of resources that can help you collect it. Economic Development Officers, industry and trade associations, your local library or bank and the Internet are all good sources of information.

DESCRIBE YOUR PRODUCT OR SERVICE

Use simple terms to describe what you plan to do in your business. You'll have more time to refine your concept as you work through this chapter and the next ones.

Ideas for businesses can come from many different sources:

- You or someone you know may be looking for something you need, and can't find it.
- Local businesses may be looking for a supplier.
- Your friends and family may suggest that you're very good at making something that they would buy.
- Your community is bringing in something that you could make or grow locally.
- Another community has something that your community doesn't have yet.
- Trade shows may offer new inventions or products that aren't yet available where you live.
- Magazines often have articles suggesting new ideas.

Product, service or both?

A **product** is a thing that you make or package (examples: jewelry, food, lumber, clothing, housing, etc.).

A **service** is something that you or your employees **do** (examples: provide childcare, transport people and goods, sell things in a retail store, provide advice or information, bookkeeping, hairdressing, etc.).

Some businesses provide both products and services (example: an auto dealership sells cars and does repairs).



WRITE DOWN YOUR IDEA FOR A PRODUCT OR SERVICE

UNDERSTANDING YOUR MARKET

WHAT INDUSTRY WILL YOU BE PART OF?

Your business will operate within a particular economic environment. One aspect of this is the industry or sector that it's associated with. Some examples are agriculture, tourism, food processing, retail and information technology. Each of them is somewhat unique, with its own way of operating. First, let's look at how the parts of an industry work together. In the next diagram, you'll see that your business will find a place among many other businesses. All of the businesses need to understand each other and work together so they can be successful.

There are many industry categories where you'll find Aboriginal businesses and business leaders, including:

Agriculture

Consulting and Legal Services

Food Processing

Information Technology

Mining

Natural Resources (forestry, trapping, fishing)

Arts/Crafts

Finance/Banking

Hospitality and Tourism

Media/Communications (newspapers, television)

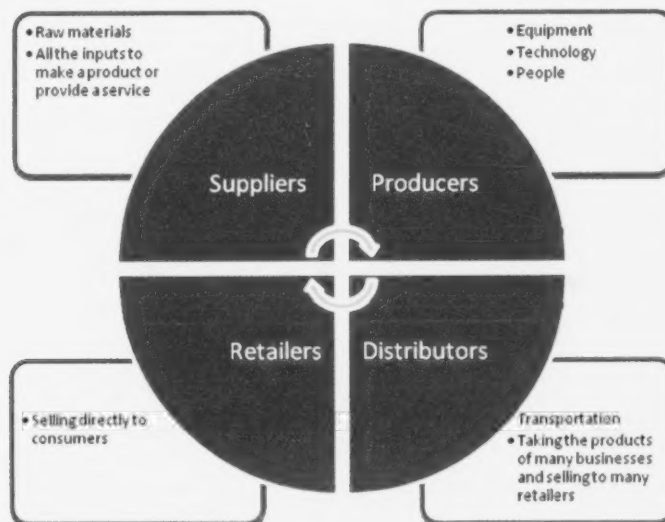
Utilities (Hydro-electricity)

Retail

What industry do you think your business fits into? Here are some things you should know about the industry you'll be operating in:

- Does the future look good? Is the industry growing?
- How many other businesses are in the industry?
- Do they share common characteristics? (large, small, profitable, local, multinational, etc.)
- Are there special regulations that your industry must follow? (Do you or your employees require a licence? Are there specific regulations affecting this business such as environmental protection or supply restrictions? Do you need to inform any government or professional body about your business?)
- Are there special legal requirements?
- How does this industry tie-in to your community?

There are many places to look for information about your industry. You may want to start at your local library and ask the librarian for help. There will be books, magazines and directories. You can also get information from sources available over the Internet, including industry or trade association websites.



HELPFUL TIP:

Many industry sectors have associations which may be helpful as you do your research. These organizations often gather information about the sector they represent. Their websites will often have information about how many members there are (giving you an idea of how many businesses there might be), the different kinds of businesses in the sector, government regulations that affect the sector, etc.



WHAT INDUSTRY WILL YOUR BUSINESS BE A PART OF?
WHAT DOES THIS MEAN FOR YOUR BUSINESS?

WHO ELSE IS IN THIS BUSINESS?

Within the large industry categories, there are many players. There's almost always someone who is selling something similar to your product or service to your potential customers.

Consider your direct and indirect competition:

- Direct competitors are businesses that sell the same thing as you to the same customers.
- Indirect competitors are those that satisfy the same need, but in a different way.

Things to think about:

- Who are your competitors?
- Where are they?
- How do they do business?
- What's their approach to quality and customer service?
- How much do they charge?
- Why might customers be ready to switch from another business to yours?



DESCRIBE YOUR COMPETITORS

WHO ARE THE CUSTOMERS?

It's really important to understand who your customers will be, how many potential customers there are for your product or service, how much they spend right now and how they buy products and services.

- Do they buy what you want to sell?
- How do they buy it?
- What do they use it for?
- How important is it to their lives or their business?
- How much do they pay now?
- What would make them change suppliers?
- How do they find out about new products and businesses such as yours?
- Are your customers individuals or businesses? Are they large or small companies?

Please check off who your customers are:

- ☐ Individuals
- ☐ Businesses
- ☐ Government
- ☐ Global – anywhere in the world
- ☐ National – across Canada
- ☐ Regional – across Ontario
- ☐ Local

Where you can go to find information about your customers:

- Ask your customers.
- Visit their websites.
- Ask industry experts.
- Research various media sources (magazines, newspapers, etc.).
- Trade associations.
- Trade shows and conferences.



DESCRIBE YOUR CUSTOMERS

HOW BIG IS THE MARKET?

The next step after looking at your potential customers is to put a dollar amount on how much potential customers spend or might spend on the kind of product or service you plan to sell. To do this, you need real numbers.

For example:

If you plan to sell supplies to paper mills:

- How many paper mills are there within 500 km of your location?
- How much do they spend right now on supplies?

If you plan to offer childcare services:

- How many families with young children are there in your community or neighbourhood?
- How many families already use childcare services?
- What do they pay for these services?
- How many other families can afford to pay for childcare?

Conducting Market Research:

Some of the tools that market research firms use include:

- ☐ Customer Surveys
- ☐ Focus Groups
- ☐ Observing customers as they make purchase decisions
- ☐ Observing customers as they use the product
- ☐ Using government data (such as Statistics Canada) to learn about other businesses and consumers



DESCRIBE THE MARKET

WHAT WILL MAKE YOUR PRODUCT OR SERVICE UNIQUE?

A successful business is one that attracts buyers because it offers something that makes it stand out. Are you able to tell customers how you're different and why your product is better? Sometimes customers choose not to buy a product or service at all, and instead provide the service themselves. Can you give those people reasons to choose your product or service? Here are some reasons that customers may choose to buy from you:

- Convenience – you're nearby, open longer hours or your product/service is easy to use.
- Value – whether your price is lower or higher than others, customers see that you offer better value (a better relationship between quality and price).
- Quality – customers can see the difference between your product or service and those offered by others.
- Additional benefits ("Packaging") – your product comes with extras that others don't offer.
- Identification – people want to buy from someone who is like them or who they admire.
- Conscience – you have a commitment to values that customers like, such as producing "green" products or giving a percentage of your profits back to the community.
- Service – you provide quality service to the customer even after they've made a purchase.
- Guarantee – you promise that the product or service is exactly what the customer expects and make a commitment to replace it, return their money, or give some kind of assurance that your product or service is reliable.



DESCRIBE WHAT'S UNIQUE ABOUT YOUR BUSINESS AND ITS PRODUCT/SERVICE

WHAT SHARE OF THE MARKET COULD YOU GET?

Determining the potential success of your business idea requires you to have an idea of how much of the market your business and its product or service could get.

- If possible, estimate how much market share each competitor has now.
- Estimate how much of the market you can attract. Let's say you think you'll be able to attract 25 per cent of the market. If the total sales in that market are \$1,000,000, you can calculate that your share of the market will be \$250,000 per year.

Another way to calculate your potential success is to use your knowledge of what customers will pay for your product or service and then think about how many sales you need to make to cover your costs and make a profit (determining costs is discussed in the next section). You can then look at the market to see if it might be possible to make enough sales (gain enough of a market share) to generate a profit.



IS THE MARKET LARGE ENOUGH FOR YOUR BUSINESS? IS THERE ROOM TO MAKE THE NECESSARY SALES?

IS THIS A VIABLE BUSINESS?

The basic calculation: Is the money you'll make from selling your product or service (the revenue) greater than the cost of making or providing that product or service?

WHAT WILL IT COST TO CREATE OR PROVIDE YOUR PRODUCT/SERVICE?

Does your business rely on people to create the product or provide the service? For example, a consulting business relies mostly upon people to provide its product or service, making it "labour intensive." A childcare centre is another example of a labour intensive business. Other businesses may rely on expensive equipment and only require a few people to operate it and are called "capital intensive." For example, once a mill is running, relatively few people are needed to operate it because machines do most of the work.

The different ways that businesses create or provide their product/service mean that they have different costs. In this section, you'll conduct research to find out what it will cost to run your business.

HELPFUL TIP:

Can you explain your research and calculations to a friend or family member? You'll need to have a strong argument for why you think your estimates of your potential market share are reasonable when you take your business plan to potential lenders and investors.

Whether you offer a product or service, there are basic costs associated with owning and operating a business that don't change, regardless of level of sale. These are called fixed costs and might include:

Fixed Costs		\$ Amount to be spent each year
A	Salaries and employee benefits	
B	Rent or <u>mortgage</u> payments	
C	Utilities (electricity, gas, oil, water, etc.)	
D	Telephone, Internet	
E	<u>Equipment</u> , tools, fixtures	
F	Professional fees (accountant, lawyer, etc.)	
G	Insurance	
H	Loan <u>interest</u> and bank fees	
I	Property tax	
	TOTAL ANNUAL FIXED COSTS (Add A to I)	



ONCE YOU'VE DETERMINED YOUR FIXED COSTS, FILL IN THE CHART ABOVE.

There are other costs that will change depending on how much you produce and/or sell. These are called variable costs and might include:

Variable Costs		\$ Amount to be spent per unit sold (\$ amount divided by # of units)
K	Raw materials	
L	Goods for resale	
M	Supplies	
N	Vehicle expenses (gas, etc.)	
O	Shipping	
P	Repairs	
Q	Advertising	
R	TOTAL VARIABLE COSTS PER UNIT (Add K to Q)	
S	Number of Units to be sold	
T	TOTAL VARIABLE COSTS (R multiplied by S)	



ONCE YOU'VE DETERMINED YOUR VARIABLE COSTS, FILL IN THE CHART ABOVE. AN ACCOUNTANT CAN HELP YOU DETERMINE THE TYPE OF COSTS YOU HAVE.

It's important to understand **ALL** of the costs involved in running your business. Using your fixed and variable costs calculate your total costs and fill in the chart below.

Cost Projection		\$
U	Fixed Costs (Line J)	
V	Variable Costs (Line T)	
W	TOTAL COSTS (U plus V)	

WHAT DO YOU EXPECT YOUR REVENUE TO BE?

There are a number of ways to conduct revenue projections (determining the amount of money you think your business will generate). Here are two different ways of thinking about it:

Average price per unit multiplied by (X) Number of units you expect to sell per month or per year equals (=) Revenue

Example:

\$25 for each flashlight X 500 flashlights sold per month = \$12,500 in Revenue each month

Or

of potential customers multiplied by (X) Amount they spend multiplied by (X) your share (%) of the market = Revenue

Example:

100 customers get cleaning services X \$400/month X 10% share of the market = \$4000 in Revenue each month

Profit is the amount of money you're left with after you've taken care of all your costs.

Profit Projections		\$
(per month or per year - make sure the same measurement is used for each row of the table)		
A	Projected Revenue	
B	Estimated Total Costs	
C	Line A minus Line B = Gross Profit	

If your gross profit (line C) is a positive number, you may have a business that will work. If line C is a negative number, then it's time to have another look:

- Can you reduce your costs?
- Can you increase your sales?

This is a very simple approach. Depending on the size and complexity of your business, you may need to be more detailed in your calculations.



AN INCOME STATEMENT TEMPLATE (FOUND ON PAGE 77) MAY HELP YOU DETERMINE WHETHER YOUR BUSINESS WILL WORK.

BUSINESS OPPORTUNITY CHECKLIST

Now it's time to decide if you have a good idea for a business. This is a good business idea because:

- ☐ Customers will want to purchase the product or service
- ☐ Customers have the money to pay for it
- ☐ I can make a good case for why people will want to buy from me
- ☐ I can produce the product or service efficiently
- ☐ There is a reasonable profit

If you've checked each of these points, congratulations! You have a great business idea and are ready to start planning.



WRITE DOWN YOUR BUSINESS IDEA. INCLUDE AS MUCH DETAIL AS POSSIBLE.

WHO WILL YOU TELL ABOUT YOUR DECISION TO START A BUSINESS?

Starting a business is a major life decision. You'll be more committed to it once you've started to tell your family, friends and customers about it. The people you tell can then start thinking about how they can help you.

	Message to deliver	How can they help me?
Future Employees		
Family and Friends		
Suppliers		
Customers		
Bank Office		
Partners		
Who else?		



THINK ABOUT WHO YOU'LL TELL ABOUT YOUR BUSINESS, WHAT YOU'LL TELL THEM AND HOW YOU'LL COMMUNICATE WITH THEM. ONCE YOU'VE MADE THESE DECISIONS, FILL IN THE CHART ABOVE.

CONCLUSION

Sometimes your business idea is too big for you (and your team) to handle alone. There are many different ways that people, communities and businesses can work together to achieve the best results. Collaboration and cooperation enables people with different ideas and experiences to come together for the benefit of a shared project or goal. Using the many skills of others can help your business idea become a reality and can help your business become successful.

There are many examples of Aboriginal businesses and communities that have worked together or with non-Aboriginal businesses. The different ways that people and businesses can work together is explored in Chapter 3.

WHERE TO FIND SUPPORT AND MORE INFORMATION

Demographics

Find official statistics on a number of population characteristics, organized by topic. Demographic data can help you to understand who your customers are, where they're located and what their needs and wants are.
www.canadabusiness.ca/eng/88/191/ or call 1-888-576-4444

Designing a Questionnaire

This document is intended to help business owners design their own research instrument, which can be used to gather market research information from their customers or others in their marketplace.
www.canadabusiness.ca/eng/guide/2780/ or call 1-888-576-4444

Doing Business with Government

Information and guide on how to do business with the Ontario Government.
www.doingbusiness.mgs.gov.on.ca/ or call 1-800-268-1142

Guide to Market Research and Analysis

Information on how to conduct a market research project.
www.canadabusiness.ca/eng/guide/2428/ or call 1-888-576-4444

Current links, organized by chapter, can be found at
ontario.ca/aborigineconomy

Industry / Sector Data

Find statistics specific to your chosen industry. This information can help you better understand your industry and help you keep up-to-date on the latest trends that could affect your business.
www.canadabusiness.ca/eng/88/192/ or call 1-888-576-4444

Additional industry-specific information can be found at:

investincanada.gc.ca/eng/industry-sectors.aspx or call Industry Canada at 1-800-328-6189
www.investinontario.com/sectors/default.asp or call 1-800-819-8701

Small Business Enterprise Centres

There are numerous centres across Ontario to provide entrepreneurs with the tools they need to start and operate a business.
www.ontario.ca/SBEC or call 1-866-668-4249



CHAPTER THREE: PLANNING YOUR BUSINESS

There are many different parts to a successful business and a business plan will help you to make sure that you have everything you need before you begin. A plan is like a blueprint, a recipe or a to-do list. A plan is specific to your business, your industry and your location. It will take time and maybe some money to prepare a good plan, but it will save you a great deal of both in the long run because it will help you to avoid costly mistakes as you start your business.

A business plan is a document that you'll have to prepare if you're planning to apply for funding from government or if you'll be applying for credit – financing – through banks, suppliers or investors. Usually the government department or bank will have its own form that they'll ask you to complete. While the forms may differ, the information they're looking for is often the same. This chapter will help you to prepare the information necessary to develop a business plan.

It may be tempting to ask someone else to do the planning for you, but experts and entrepreneurs agree: only you and your team can write your business plan. When you write the plan, you have to gather information, make decisions and consider the consequences of those decisions. Planning may seem difficult, but this chapter will help you to break the planning down into smaller, simpler pieces.

Gather all the information you have about your business idea and gather the names and contact information of people who know about your business, including customers, competitors and suppliers. It's important to have this information on hand because you may need to ask them questions as you write your plan.

When planning your business, start wherever you feel confident and fill in the information that you know. Each piece ties in to every other piece, so move back and forth freely among the sections. At this point, you're preparing a draft plan. Part of a Business Plan template (provided by the Business Development Bank of Canada (BDC)) is found on page 78 and will help you write your own business plan.

ASKING FOR HELP

It's very hard to both plan and start a business on your own. Think about getting more help as you go through the planning process. Look around your community and ask people you know who are already in business about their experiences. They may have good ideas about how to do things simply and inexpensively. They'll almost certainly be able to tell you about things you need to plan for that you haven't thought about yet. Ask them to read your plan and give you feedback.

There are also experts who can advise you, and there's even financial support to help you with the planning stage of developing a business. Local Economic Development Officers, Small Business Enterprise Centres, advisors at Aboriginal Business Canada and BDC, as well as the local offices of the Ministry of Economic Development and Trade and the Ministry of Agriculture, Food and Rural Affairs can all provide you with advice and point you toward's additional resources. You may also need advice from other professionals such as lawyers, accountants or real estate brokers as you move through the planning process. Banks will have someone who handles business accounts and who may also be able to help you with your business planning.

If you'll be operating a very small business, you may only need to consult with a lawyer or accountant occasionally. Many businesses will need to have professional advisors who understand the industry, the regulatory regime and your particular business. You may also wish to call on a financial advisor, a public relations expert and other specialists.

Some entrepreneurs find that it's helpful to have a formal or informal Advisory Board, made up of people who are leaders or experts in the industry. They can answer your questions, keep you up to date on changes in the industry, introduce you to key people and provide strategic guidance.

YOUR BUSINESS IDEA

You'll need to tell many people about your business. Some people will want a lot of information, but most people will just want a very short statement of what you'll be doing. This is sometimes called an "elevator pitch" because it's supposed to be short enough to say in the time it takes to ride a few floors in an elevator. This is meant to be the best introduction to your business: if it grabs someone's attention, he or she will ask follow-up questions and you can tell them more.

The effective pitch tells the listener what business you're in and what makes you and your business unique. It's also something that anyone can understand in a very short period of time. This pitch shows that you have a very clear idea about what will make your business a success. Keep rewriting your pitch as you work through your business plan.

Answer the following questions in detail – you'll need this information when you write your business plan. Six questions your "Elevator Pitch" should answer¹:

- What's your product or service? (Briefly describe what it is you sell. Don't go into detail.)
- What's your market? (Briefly discuss who you're selling to, what industry you're in and how large the market is.)
- How do you expect to make money?
- Who is behind the company? (Talk about you, your accomplishments, and those of your partners, your team and advisors.)
- Who else is in this business or industry? (Briefly discuss who they are and what they do.)
- What's your competitive advantage? (Briefly discuss how your company is different and why you have an advantage over the others.)



RECORD YOUR ANSWERS AND WRITE YOUR "ELEVATOR PITCH."

OWNERSHIP STRUCTURE

There are many ways to set up a business. Who will own and run the business, who will be putting money into the business and how much risk everyone involved is prepared to take, will affect ownership structure. Tax implications should also be considered when deciding on an ownership structure for your business.

If you live on reserve, do you need to discuss the ownership of your business with the Band Council? Will the community be an investor in the business? The ownership structures listed below are in order of simplest and least expensive to more complicated and most expensive. Ask a lawyer or accountant for advice on which form makes the most sense for you.

SOLE PROPRIETORSHIP

Will you be running the business by yourself? Will you be putting in all of the money? You can set up a sole proprietorship very easily. A sole proprietorship is a business structure in which an individual and his/her company are one and the same for tax and liability purposes. The owner is personally liable for any business debts. This is a simple form of business and typically has the least regulation because it offers the least protection.

PARTNERSHIP

Will you have partners? A partnership is a type of unincorporated business in which more than one person owns and manages the business. All partners are equally liable for the firm's debts. In a partnership, each partner shares responsibility for the company's profits and losses, as well as its debts and liabilities (including taxes). Be clear about what each partner will be contributing to the business. Will each contribute an equal amount of

¹ Based on a piece by Robert Pagliarini of SeekingCapital.com, on www.businessknowhow.com/money/elevator.htm, 18 March 2010

money to the business? How will decisions be made if no agreement can be reached? What skills does each partner bring to the business? What roles will the partners play in the business?

LIMITED LIABILITY PARTNERSHIP

If you're a professional who is regulated by provincial law, you may be able to set up a limited liability partnership. Conditions of such a partnership include that you must be registered with a professional association that authorizes you to practice your profession and you must carry professional liability insurance.

CORPORATION

In a corporation, no individual person is responsible for debts (unless there's a contract or legal document to that effect). The business can continue, even after you decide to leave or sell it. Taxes and other liabilities are the responsibility of the corporation, not the individuals who own or manage it. Corporations may require more attention to governance. You may need to have a board of directors and hold regular meetings. Some corporations must keep careful accounts that must be audited annually and annual reports may need to be filed with the government. Here are examples of successful Aboriginal corporations. You can find more information about them on their websites:

- Ojibwe Legends Trading Company - www.ojibwelegends.com/
- Wabigoon Anishinaabe Gitigewin Inc. Tree Nursery - dsp-psd.pwgsc.gc.ca/Collection/R12-10-12E.pdf
- Wasaya Airlines - www.wasaya.com/
- Wawatay Communications - www.wawataynews.ca/

Current links, organized by chapter, can be found at ontario.ca/aboriginaleconomy

FRANCHISE

You may wish to enter into a franchise agreement with a well-known business. In this case, you would enter into a contract with another business (franchisor) that has a successful product or service to operate under the franchisor's trade name with the franchisor's guidance, in exchange for a fee. Examples of franchises include:

- Subway restaurant
- Snap Fitness
- Petro Canada

NOT-FOR-PROFIT CORPORATION

If your business has a social or community purpose and you're not interested in making a profit for yourself, you might want to consider setting up a Not-for-Profit Corporation or Association. Not-for-Profit Corporations are operated on a cost recovery basis, for a set of purposes set out in statute such as religious, scientific, social, literary, educational, recreational or charitable purposes.

CO-OPERATIVE

Many co-operatives or co-ops are jointly owned businesses (usually organized by farmers, artists or consumers) that produce and/or distribute goods and services.

JOINT VENTURE

Joint Ventures are a common form of arrangement. There are at least three forms that these can take, representing a range of separate or common interests. Joint ventures may be:

- Contractual – in which two separate corporations agree to work together on a project.
- Partnership – in which one Board is established, with representatives from each party.
- Separately Incorporated – in which a new body is created with its own by-laws and its own Board that is accountable for the success of the business (rather than for the separate interests of the owners).

MAKE A DECISION ABOUT OWNERSHIP STRUCTURE

If this is true:	Choose this:
I plan to own and operate this business by myself.	<u>Sole Proprietorship</u> or <u>Corporation</u>
I plan to share ownership and management responsibilities with others.	Partnership, Corporation, Co-operative, Joint Venture
This will be a small business without a lot of risk.	Sole Proprietorship or Partnership
This will be a business that has employees and <u>equipment</u> ; there may be risk and I'd like to limit that risk.	Corporation
I would like to seek <u>investment</u> from other people.	Corporation
This business will provide a service for the good of the community. I don't expect to make any profits.	Not-for-Profit Corporation or Association

CASE STUDY: THE SUCCESS OF ABENAKI ASSOCIATES

Abenaki Associates is a Canadian Aboriginal business providing a variety of software products and services, primarily to First Nations and Aboriginal organizations. In partnership with ACCPAC International, Abenaki Associates resells and trains Aboriginal organizations and communities on ACCPAC accounting and management software.

The partnership was initiated when Abenaki approached ACCPAC with a proposal to represent ACCPAC in the First Nations marketplace. Abenaki recognized at the time (the mid-1980s) that First Nations were just being introduced to computer technology and there would be great demand for powerful, flexible, easy to use and inexpensive software solutions.

Negotiations were completed directly between the two partners. Abenaki had to apply to ACCPAC to become a reseller and development partner, and undertake several training programs offered by ACCPAC to ensure that it was fully qualified to sell and service the product line. The partnership was structured as a legal partnership and took the form of a business partner agreement between Abenaki and ACCPAC.

To this business partnership, Abenaki brought an extensive knowledge of the Aboriginal community in Canada, their accounting systems and, in particular, fund accounting knowledge as opposed to the for-profit sector type of accounting that the normal ACCPAC reseller would know. ACCPAC brought a marketing support network and an excellent product line that met the requirements of Aboriginal clients.

The partnership has been very successful for both partners. Abenaki has helped ACCPAC make significant inroads in the Aboriginal market. To date, over 500 First Nations across Canada use the ACCPAC software. The software is also being used by many Aboriginal organizations. Abenaki has provided training to 15,000 Aboriginal users. For Abenaki, the partnership has provided an important ongoing source of revenue from ACCPAC software sales, training and support, and about 75 per cent of total company revenues. Abenaki's experience, expertise and track record is opening up new opportunities for the business in the non-Aboriginal marketplace for computer-related training.

www.abenaki.com

What is an "Aboriginal Business"?

The Government of Canada has a buying policy called the Procurement Strategy for Aboriginal Business. It's designed to increase the number of Aboriginal businesses that are suppliers to the government. When the government invites proposals or tenders from business, it can give preference to Aboriginal businesses. The strategy defines an "Aboriginal business" as one that meets the following criteria: (1) At least 51 per cent of the firm is owned and controlled by Aboriginal people, and, (2) At least one third of the firm's employees, if it has six or more full-time staff, are Aboriginal. If a firm is starting a joint venture or consortium, at least 51 per cent of the joint venture or consortium must be controlled and owned by an Aboriginal business or businesses, as defined above. For more information visit: <http://www.ainc-inac.gc.ca/ecd/ab/psa/>

LOCATION

This section will help you determine where you'll operate your business. You'll need to think about the type of work you'll be doing, the amount of space you'll need, what kind of neighbours you would like to have, the cost of renting versus the cost of buying, and the advantages and disadvantages of starting your business from your own home. Sometimes it doesn't matter where you start your business; sometimes there are local by-laws or land use regulations that restrict where you can operate certain types of businesses.

ELEMENTS OF A LOCATION DECISION

In which community will you run your business?

If you plan to operate your business on reserve, you could start by talking to the Economic Development Officer or Band Council about your idea so that you can learn about land use regulations, required approvals and taxation that might affect you.

There are also zoning and licensing bylaws in every municipality that affect business operations, so you'll need to do research about which ones affect you. Contact your nearest Economic Development Office for more information.

Do you need to be near other businesses or an educational institution?

Consider where your customers are located, where your competitors are, and even where your potential workforce will be coming from. It can be an advantage to locate near others in the same or similar business, unless the market is small and you decide you have to locate elsewhere to serve a market that everyone else has ignored.

Do you need to be accessible to your customers?

Will your customers be coming to you? Restaurants and retailers, for example, need to be in highly visible locations that are easy to reach. They're often located near other, similar businesses. Manufacturers or distributors rarely see their customers at their locations, so can locate where space is more available and therefore less expensive.

Do you need to be close to raw materials or supplies?

Some businesses need to locate close to raw materials or to their source of supplies because transporting them would be too expensive. The entire business may be located near the supply, or some of the business may operate there and other work (e.g., sales and administration) may take place elsewhere.

Do you need to be close to transportation?

Many businesses ship and receive goods and find it useful to be close to major roads, ports or airports. Tourism businesses need to be accessible to outside visitors.

Is this a business you can operate from your home?

Many online businesses can be operated from anywhere, as long as there's Internet access. Some professional services can also be operated out of a home office. Some businesses, catering and child care for example, may start at home and then move to larger facilities.

Once you know the location of your business, you need to think about what kind of facilities you need.

FACILITY

What type of business space do you need?

Retail shops, day care centres, auto repair garages and pulp mills require very different types of facilities. If you don't already have a good idea of what you need, your industry trade association could be helpful to you.

How much space will you require?

Can you share some space with other businesses (e.g., meeting rooms, reception area, parking, loading docks)?

How much can you afford to pay?

Include cost per square foot, plus property taxes and utilities when calculating the total cost of space. Your real estate broker will help you to calculate the monthly and annual costs.

OPERATIONS

In this section, you'll describe who will run your business. This is an important section for determining the equipment you'll need and the people you'll need to hire. It may also be the section that enables you to describe what makes your business stand out from the others and gives you a competitive advantage.

PROCESSES

How will the work be done in your business? Successful businesses are often built on specialized processes the customer may not notice but which make a great deal of difference to costs. For example, will work be done by teams or by individuals? Will the work be completed in a standardized process? You may need to consider how your business will be regulated to determine the kinds of processes you'll need and to determine if you have the flexibility to improve on them.

How will you be using the Internet or other tools and technology? Is any of this proprietary or unique to you? Do you have patent or copyright protection for your processes?

EQUIPMENT

What equipment and tools will you require? How much of it will you need in order to start your business? Do you need to buy your equipment new, or can you lease it or buy it used instead?

Consider the equipment you'll need to run your business. Where will you get it? How much will it cost? Fill in the chart below with this information. Wherever possible, determine the actual cost of obtaining or using a piece of equipment or service. You'll need this information when you complete your financial forecasts.

Furniture and Fixtures

Purpose	Item	Provider	Cost	Quantity	Support Provider
Display					
Storage					
Production					
Administration					

Information Technology

Element	Name	Provider	Cost	Support Provider
Hardware				
Software				
Internet Service Provider				
Web Developer				
Maintenance and Support				

PEOPLE

Consider the key people (leaders, managers, planners) in your business and think about their responsibilities and qualifications. What are their notable achievements in work, life or in the community? How will their previous success contribute to your business?

Think about the types of jobs that will be needed in your business and how many people you'll need to do each job. This may change as your business grows and matures. You may want to think about the people you need to start your business and the people you'll need in a year or two.

To help you think about the many jobs involved in running a business, see the chart below. Go through each of these functions and decide if you'll do it yourself, find outside help (e.g., a lawyer or property manager), or hire one or more employees.

Function	May Include	Will you do this yourself?	If not, will you contract with another company or hire an employee?	
			Contract	Hire
<u>Sales</u>	Identifying prospects through to completing <u>transactions</u>			
Operations	Research and Development Production Purchasing Merchandising <u>Customer Service</u> Quality Control			

Function	May Include	Will you do this yourself?	If not, will you contract with another company or hire an employee?	
			Contract	Hire
Property Management	<u>Leases</u> Cleaning and Maintenance Property Improvements Interior Design Signage Landscaping			
Financial Management	Banking Investing <u>Cash Flow Management</u> <u>Accounts Receivable</u> <u>Accounts Payable</u> Foreign exchange Insurance			
Legal	Contracts Compliance with regulations			
Marketing	New product development, including pricing Distribution channels (including online) Promotion			
Human Resources Management	Job descriptions Recruiting, hiring, training, motivating employees Negotiations Firing or laying off employees			

SUPPLIES AND SUPPLIERS

What kinds of supplies do you need to run your business? Supplies could include raw materials to process, products to sell, packing material, cleaning services and anything else you plan to use to produce something or sell to someone else. For example, a bookstore orders books from many different publishers, bags from one supplier, and cleaning services from another. You don't need to indicate items that you'll use slowly or infrequently, or that are not significant to your operation.

You may want to create a chart, as shown below, to help you organize your supply needs.

Product or Service	Supplier Name and Address	Terms of supply agreement

FACILITY READINESS

Depending on your requirements, you may require external advisors to help you with the use of space, interior decoration, fixtures (lights, shelving, etc.), and elements such as heating, ventilation and air conditioning. You may choose to do the work yourself, or you may hire a contractor to get your business space ready. Some facilities come ready to use for a specific business purpose (called a "turnkey operation"). You may need to consult with your Band Office or municipality concerning the local building code. An inspector will likely need to check to make sure that your facility is built to code.

Consider the things you need in order to ready your business facility and who you'll rely on to put them in place. Fill in the chart below with the things you need and the people who will supply them to you.

Element	Requirement	Supplier Name and Address	Terms of supply agreement
Space use			
Interior Design			
Fixtures			
Storage			
HVAC			
Contractor			
Landscaping			
Signage			



HOW MUCH TIME WILL IT TAKE TO GET YOUR BUSINESS SPACE READY? START PLANNING A SCHEDULE. USE WHATEVER TIMELINE MAKES THE MOST SENSE TO YOU

TRANSPORTATION

What are the transportation needs of your business? Do you need access to trucks, to courier companies, to airlines or ships? Who will provide them? Do you need to make special arrangements with these suppliers to make sure your goods can be delivered or that your customers get priority service?

HEALTH AND SAFETY

What are the health and safety requirements for your business? How will you meet them for both employees and customers?

ENVIRONMENTAL

Does your business produce waste that is put into the air or water? Do you need to have special handling of your garbage before it's removed? Where will you put waste that cannot be handled by the municipal system? What will these measures cost? (Remember, if you don't handle waste effectively, the clean up costs of a spill or other pollution could be much higher and you could be liable for those costs.)

MARKETING YOUR BUSINESS

In this section you'll explore the differences between marketing and sales, and between marketing and promotion/advertising. Online and social marketing will also be addressed in this chapter.

MARKETING

How will you attract and grow your number of customers? The term "marketing" refers to your product, the price you'll charge for it, how you'll promote it, the place where you'll sell it and the people who will deliver it to your customers. These are known as the Five Ps of Marketing.

Product or Service

What's your specific product or service? Why will your customers want to buy from you instead of your competition? What are the benefits of your product or service for your target customers?

Pricing

What will it cost to deliver the product or service? What do your competitors charge for the same or similar product or service? Do you want to be a low-price seller or a premium seller?

Before setting your prices conduct a break even analysis. This calculation will let you know how many units of a product you need to sell to break even. Once you've reached that point, you'll have recovered all the costs associated with producing your product (both variable and fixed). If you sell more, you'll start to make money. If you sell less, you'll lose money.

Break Even Point = Fixed Costs divided by Unit Selling Price minus (-) Variable Costs

If Fixed Costs (e.g., rent and utilities) total \$100, Variable Costs (e.g., advertising) are \$10 per unit sold and the Unit Selling Price (price of the product being sold) is \$20:

$$\$100/(\$20-\$10)=10$$

So, you must sell 10 units to break even.

HELPFUL TIP:

If your break even analysis tells you that you must sell more units than you think you can, reconsider whether your business is viable. Can you reduce your fixed costs? Can you raise your price?

Promotion and Advertising

You'll need to develop a communications strategy that includes some or all of the following components. This can be expensive, so select only the tools that will be most cost-effective for your business.

Customer Relationships are the key to your business success. Build relationships that reflect what you do. Set a standard for your employees to follow.

Sales Promotions include coupons, "buy one get one free" discounts, competitions, free accessories (such as free holiday wrapping) and introductory offers. Consider these to promote your business.

Public Relations are important to build a positive, ongoing relationship between your business and all of its stakeholders, using both traditional and new media such as the Internet. Effective public relations creates a reputation for your company that is an important part of your brand – what people think about when they think of your business.

Direct Mail, Flyers and Catalogues are methods of sending messages directly to your target market and can be very effective. You can deliver these electronically or in print. It can be expensive unless you have an excellent understanding of where your customers are and how they're influenced to make purchases.

Trade Fairs, Exhibitions, Conventions and Craft Shows are great ways to meet your customers. Even if you don't have your own exhibit at first, perhaps you can share with someone selling a different product to the same customers. It can be a great way to introduce people to your business.

Advertising involves placing ads in newspapers, magazines or online.

Sponsorship of events and activities can help to make people aware of your business and build your reputation. Make sure the sponsorship contributes to a positive view of your business.

Place and Distribution

How will you get your product or service to the customer? Will you deliver directly or will you need a distributor? Will people come to you (as in a retail store) or will they receive delivery of your product from another company? Will you be tied to one location to offer your product or will it be widely available?

For example, if you're producing jewelry, you could sell directly to your clients in several ways: they could come to you; you could go to them; they could find you online or you could meet them at craft shows. You could also sell your jewelry through others. You could have a relationship with one specific retailer or with a distributor who would sell your jewelry to many retailers.

People

Your employees and sales people represent your business. Every contact between these people and your customers, from initial greetings to after-sales service and even conflict resolution, sends a message.

BUILDING YOUR ONLINE PRESENCE

It's become essential to have an effective online presence, whether you have your own website through which you can make sales, or a page on a social media site that provides information on your business activities. You can also build awareness by taking advantage of tools that draw attention to your online presence. As these change frequently, you'll have to do research about what works right now.

Almost every business – even small, local ones – can benefit from an online presence. Decide what role the Internet will play in your business. Will it be for passive advertising only? Will you have a blog? Will you connect to your customers, colleagues and suppliers via social networking sites? Will you sell through the Internet? Once you know how you'll use the Internet, you'll be able to find a designer and developer who can build it for you.

The topic of doing business online, or e-business as it's commonly called, covers a broad range of information beyond the scope of this toolkit. For detailed information on e-business, please visit www.ontario.ca/ebusiness or call 1-866-668-4249. You can also find additional sources of information at the end of this chapter.

SALES

The following questions may be helpful to think about when determining how to sell your product or service:

- How will sales occur in your business?
- Will you be selling online or in person?
- Will a sale take a few minutes to complete or many months?
- Will the people who are providing the service or making the product also be selling or will you have someone else make the sales?
- Will your customers be coming to you or will you be going to your customers?
- Will you interact with your customers online?
- What information will you provide to customers and how will you deliver it?

FINANCING

FINANCING YOUR BUSINESS

Every business needs to have money to start and to grow. You may have already saved enough to get going or you may need to find investors. You may also want to borrow money. This section introduces some of the main forms of financing and some of the costs and benefits of each.

TYPES OF FINANCING

Equity

Equity is a stake in the ownership of a business. Equity is equal to the amount invested plus retained earnings (or minus accumulated losses). The ownership of equity is based on the financial contributions of all shareholders. For example, if you contribute all of the money to start the business, you own 100 per cent of the shares. If your brother gives you half the money (his equity) he owns half the shares and you own the other half.

People who invest in a company will expect a return on their investment. In other words, they expect that the business will grow and they'll eventually get their money back, plus more. Investors are taking a risk because there's no guarantee that the business will make enough money to repay them, especially at the start of a business.

Debt

A debt is a loan that must be repaid to a lender, with interest, within a set period of time. Debt does not affect the ownership of the business. If you put half the money into your business and borrowed the rest, you own 100 per cent of the shares. If the debt is not repaid, however, the lender may take ownership of your business assets, such as any equipment that was purchased using the debt.

Types of Financing	Sources	Benefits	Risks
Equity: A stake in the ownership of a business	Your own savings	You have total control. Others will have more confidence in your business if they see you investing in it yourself.	You can only grow as fast as your own savings grow. The money won't be available for other priorities (child's education; <u>mortgage</u> payments).
	Family and friends	May be available at low cost and for a long time. Family and friends may offer useful advice to build your business – or even an extra pair of hands.	Damaged relationships if the <u>investment</u> doesn't work out as promised.
	Private investors	There are many people with expertise in your industry who may wish to invest in you and your business. They may have excellent advice to offer.	Private investors will take a share of your business and may wish to exert control if they're not happy with how you're running it.
	Public stock exchanges	Much larger amounts of money can be found if you're able to obtain funds on a public stock exchange, such as the Toronto Stock Exchange. There are thousands of institutional and individual investors who want to put their money into growing businesses.	The most expensive type of <u>financing</u> to obtain, due to the cost of becoming and remaining registered on a stock exchange.
Debt: A loan that must be repaid with interest	Credit cards	It's often easy to acquire a credit card with a substantial limit.	Interest rates and other fees can be very high.
	<u>Mortgage</u>	If you own a home, you may be able to extend your mortgage at favorable terms.	May put your home at risk if the business takes longer to make a profit than you anticipate.
	Family and friends	Family members and friends may not be willing to invest in your business, but they may have money they could lend at lower costs than you could get at a bank.	Damaged relationships if the loan cannot be repaid on time.
	<u>Line of Credit</u>	Banks and Credit Unions offer different types of loans. The most flexible is a Line of Credit that you only use when you need it, and can repay right away as soon as you have the cash.	Interest rates may be high.
	Supplier Credit	Businesses that are selling <u>equipment</u> or goods for resale may offer terms so that you don't need to pay cash. These can vary from 30 days to much longer, depending on what you're purchasing.	Can be very expensive. Some suppliers will charge 2 per cent a month, especially if you miss a payment, which amounts to more than 24 per cent a year!
	Lending Circle (Micro-loans)	In some communities, banks such as BDC will help a group of small entrepreneurs to set up a lending circle, in which everyone in the circle is accountable for each loan.	Lending circles usually offer very small loans, and each loan must be repaid before the next person is allowed to borrow.

ITEMS THAT CAN BE FINANCED

- Fixed assets such as land, buildings or equipment.
- An updated production line or production processes.
- Inventory and receivables.
- Research and development of new products and new markets.
- E-commerce initiatives such as Internet or intranet sites.

Your banker and/or your accountant can help you to determine what business activities can be financed and help you to decide what type of financing you'll need, where to get it and how much it will cost.

ABORIGINAL FINANCIAL INSTITUTIONS

If you're thinking about starting a small business or don't yet have business experience that would allow you to borrow from a Chartered Bank, you may be able to obtain a loan from an Aboriginal Capital Corporation.

Aboriginal Capital Corporations (ACCs) concentrate on providing developmental loans (i.e., loans to businesses not yet ready to secure business loans from banks). Some ACCs also provide business services and have diversified their operations to be able to deliver services for Aboriginal Business Canada. There are 32 active ACCs across Canada.

The National Aboriginal Capital Corporation Association (NACCA) has been established to provide products and services such as training, access to capital initiatives, advocacy and other institutional capacity-building to the 45 Aboriginal Financial Institutions (AFIs), which are members. AFIs have become the umbrella term for the ACCs and Aboriginal Community Futures Development Corporations.

A list of AFIs can be found at the end of this chapter.

GOVERNMENT SUPPORT

You may be eligible for financial support from one or more levels of government. Contact your Economic Development Officer for information on available government funding. The following are some sources of government funding that are available as of January 1, 2011:

- Northern Ontario Heritage Fund: www.mndmf.gov.on.ca/nohfc/default_e.asp
- Rural Economic Development Program: www.omafr.gov.on.ca/english/rural/red/
- Ministry of Tourism and Culture: www.mtc.gov.on.ca/en/awards_funding/funding.shtml

The following websites allow you to search for government funding sources for your particular project:

- Aboriginal Funding Tool: www.aboriginalcanada.gc.ca/acp/site.nsf/eng/funding.html
- Government Grants, Loans and Financing Search: www.canadabusiness.ca/eng/search/sof/
- Government Programs Search:
www.sse.gov.on.ca/medt/investinontario/en/Pages/Government_Programs.aspx
- Ontario Business Program Guide: www.ontario.ca/en/business_program/index.htm

TAXATION

Business owners face many different taxes and are eligible for different tax credits. If you plan to operate a business on reserve, you'll also need to understand and comply with any fees and taxation that apply to your community. Ontario and the Government of Canada both have websites to help you.

Information that may be helpful:

- Tax information for small businesses in Ontario:
www.rev.gov.on.ca/en/guides/smallbusiness.html

Current links, organized by chapter, can be found at ontario.ca/aborigineconomy

- Tax information for Status Indians:
www.cra-arc.gc.ca/brgnls/ndns-eng.html
- Tax information for businesses in Canada:
www.cra-arc.gc.ca/tx/bsnss/menu-eng.html
- Additional tax information: www.canadabusiness.ca/eng/83/

CASH FLOW MANAGEMENT

Cash flow is the money coming into your business and the money going out. It's important to be aware of how money will move through your business. The key to cash flow management is to make sure you get paid before you have to pay your bills. Try to get your **customers** to pay you quickly or at time of purchase. Plan to have money in the bank to pay your rent, your employees and any money owing to your suppliers.



A CASH FLOW TEMPLATE (FOUND ON PAGE 76) MAY HELP YOU TO MANAGE YOUR BUSINESS' FINANCES.

YOUTH ENTREPRENEURSHIP

Canada's Aboriginal population is the youngest and fastest growing demographic in the country. The business people, leaders and decision makers of tomorrow are the youth of today. The importance of encouraging youth entrepreneurship has been recognized by both government and the private sector. While opportunities exist for young Aboriginal entrepreneurs, there are also many challenges that they face. A number of resources exist to help young entrepreneurs become successful business owners.

- The Northern Ontario Young Entrepreneur Program:
www.mndmf.gov.on.ca/nohfc/programs/northern_ontario_young_entrepreneur_e.asp or 1-800-461-8329
- Youth Entrepreneurships Partnerships Program:
www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_ye_partnerships_aboriginal_en.jsp
- Summer Company Program: www.ontario.ca/summercompany or 1-877-553-5507
- The Canadian Youth Business Foundation: www.cybf.ca/ or 1-800-464-2923
- The Youth Entrepreneurship Info-Guide: www.cbo-eco.ca/en/info-guide/youth_entrepreneurship_info-guide_1085667968674.cfm or 1-888-576-4444
- The Aboriginal Youth Business Newsletter: www.bdc.ca/EN/espirit/spirit_grows/Pages/newsletter.aspx
- Canadian Council for Aboriginal Business – Youth Links: www.ccab.com/youth_entrepreneurship
- BDC E-Spirit: www.bdc.ca/en/espirit



Current links, organized by chapter, can be found at ontario.ca/aborigineconomy

For more information on support for youth entrepreneurship you can visit your local Economic Development Office, banks and Aboriginal Financial Institutions.

CONCLUSION

You're now ready to complete your Business Plan. There are many templates for business plans. Speak to your bank or your Economic Development Officer. They'll give you the template that they want you to use. Part of BDC's template is found on page 78 of this toolkit; their financial template for business planning is available on the BDC website at www.bdc.ca/en/advice_centre/tools/business_plan

Helpful Tip:

Look back at your Self-Assessment: does your business plan meet your reasons for wanting to own a business?

WHERE TO FIND SUPPORT AND MORE INFORMATION

BUSINESS PLAN SUPPORT

BDC

Business Plan template provided by the Business Development Bank of Canada.

www.bdc.ca/en/advice_centre/tools/business_plan

The BDC E-Spirit website contains information on the annual Aboriginal Youth Business Plan Competition. Also available on the site are a number of resources to support Aboriginal youth in developing their business plans.

www.bdc.ca/en/espirit/

CIBC

How to develop a business plan and a guide to planning.

www.cibc.com/ca/small-business/article-tools/business-planning.html

Entrepreneurship Centre & OCRI

Writing an effective business plan.

www.entrepreneurship.com/tools/pdf/businessPlanWorkbook.pdf

MaRS

Planning tools/templates for business planning, including how to identify investors and an entrepreneur toolkit.

www.marsdd.com/entrepreneurs-toolkit/articles/Investor-Engagement-Business-Plan-Template

Ontario Ministry of Northern Development, Mines and Forestry

Business Planning Guide for resource-based tourism operators.

www.mndm.gov.on.ca/nordev/documents/tourism/RBT-business_planning_guide_e.pdf

Ontario Power Authority

Guidelines for developing a business plan for renewable energy projects in Ontario.

www.aboriginalenergy.ca/pdfs/AREF_Business_Plan_Guidelines.pdf

Ontario Summer Company Business Plan Template

A business plan template for the Ontario Summer Company program.

www.ontariocanada.com/ontcan/1medt/smallbiz/sb_downloads/summerco_Business_Plan_2010_EN.doc

Royal Bank of Canada

Business development checklist.

www.rbcroyalbank.com/sme/getting-ready/start-up.html

Seven key steps to creating a business plan.

www.rbcroyalbank.com/sme/create-plan/business-plans.html

Scotiabank

Business Plan development and other supports for small business.

www.scotiabank.com

TD/Canada Trust

Business Planner for small business.

www.tdcanadatrust.com/smallbusiness/windocs.jsp

Current links, organized by chapter, can be found at ontario.ca/aborigineconomy

ABORIGINAL FINANCIAL INSTITUTIONS

Waubetek Business Development Corporation

Tel.: (705) 285-4275 Fax: (705) 285-4584
Email: waubetek@waubetek.com
Web: www.waubetek.com

Ohwistha Capital Corporation (OCC)

Tel.: (613) 933-6500 Fax: (613) 933-7808
Email: ohwistha@glen-net.ca
Web: www.ohwistha.ca

Wakenagun Community Futures Development Corporation

Tel: (705) 658-4428 Fax: (705) 658-4672
Email: info@wakenagun.ca
Web: www.wakenagun.ca

Tecumseh Development Corporation

Tel.: (519) 289-2122 Fax: (519) 289-5550
Email: info@tcdc.on.gc.ca
Web: www.tcdc.on.ca



Current links, organized by chapter, can be found at ontario.ca/aboriginaleconomy

Two Rivers Community Development Centre (TRCDC)

Tel.: (519) 445-4567 Fax: (519) 445-2154
Email: sandragarlow@tworivers.ca
Web: www.tworivers.ca

Indian Agricultural Program of Ontario (IAPO)

Tel.: (613) 395-5505 Fax: (613) 395-5510
Email: info@indianag.on.ca
Web: www.indianag.on.ca

Nishnawbe Aski Development Fund (NADF)

Tel.: (807) 623-5397 Fax: (807) 622-8271
Email: gbuoncore@nadf.org
Web: www.nadf.org

ADDITIONAL SUPPORT

BDC Aboriginal Banking

Offers financial supports for Aboriginal entrepreneurs.
www.bdc.ca/EN/i_am/aboriginal_entrepreneur/Pages/aboriginal_banking.aspx or call 1-877-232-2269

Choosing and Setting Up a Location

Provides information on choosing and setting up a location (commercial building, store location, renting a space).
www.canadabusiness.ca/eng/125/143/ or call 1-888-576-4444

Developing a Marketing Plan

Information on how to develop marketing plans for your business – whether it's new or maturing.
www.marsdd.com/entrepreneurs-toolkit/articles/Marketing-Plan.html

E-Business

Information on using Internet technology to operate your business.
www.canadabusiness.ca/eng/145/148/ or call 1-888-576-444

E-Business Advanced Topics

http://www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_ebiz_advanced-topics_en.jsp

E-Business Facts

http://www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_ebiz_facts_en.jsp

E-Business Handbook

A guide on how to profit from e-business, provided by the Ontario Ministry of Economic Development and Trade.

http://www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_ebiz_toolkit_en.jsp

E-Business Sectoral Studies

http://www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_ebiz_sectoral-studies_en.jsp

E-Business Success Stories

http://www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_ebiz_success-stories_en.jsp

E-Business Toolkit

Includes a variety of resources and studies, as well as a handbook on the use of Internet technology to facilitate doing business.

www.ontario.ca/ebusiness or call 1-866-668-4249

Financing Your Business

Provides general information on business financing.

www.canadabusiness.ca/eng/82/150/ or call 1-888-576-4444

Provides information on both Government and private sector financial support.

www.canadabusiness.ca/eng/125/142/ or call 1-888-576-4444

Finding Your Customers

Provides tips on how to find potential customers for your business.

www.businessknowhow.com/startup/findcustomers.htm

Franchising

Provides information on investing in franchise opportunities as your new business venture.

www.canadabusiness.ca/eng/guide/2014/ or call 1-888-576-4444

The Canadian Franchise Association offers training, advice and tools on franchising your business.

www.cfa.ca/Want_to_Franchise_Your_Business or contact 1-800-665-4232

Incorporating Your Business (Federal)

Provides information on how to incorporate your business and includes the required forms.

www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/home or call 1-800-328-6189

Incorporating Your Business (Ontario)

www.canadabusiness.ca/eng/summary/2831/ or call 1-888-576-4444

Managing Your Finances

Provides information and tools on how to manage your business' finances.

www.canadabusiness.ca/eng/82/151/ or call 1-888-576-4444

Marketing Your Business

Provides information on marketing basics and advice on how to market your business, including developing a marketing plan and tips for online marketing.

www.canadabusiness.ca/eng/89/897/ or call 1-888-576-4444

Marketing Your Business Online

Provides information on marketing your business online.
www.toolkit.com/small_business_guide



Current links, organized by chapter, can be found at
ontario.ca/aboriginaleconomy

Promoting and Advertising Your Business

Provides information on how to promote and advertise your business.
www.canadabusiness.ca/eng/89/899 or call 1-888-576-4444

Taxation

Provides information on tax considerations for Aboriginal business.
www.cobsc.org/en/info-guide/aboriginal_business_info-guide_1085667968602.cfm
www.ontario.ca/en/business/STEL02_040014 or call 1-800-267-8097

Youth Canada

The Youth Canada website lists a number of federal programs and services specific to the needs of Aboriginal youth.
www.youth.gc.ca/eng/audiences/aboriginal/index.shtml or call 1-800-622-6232

Small Business Enterprise Centres

There are numerous centres across Ontario to provide entrepreneurs with the tools they need to start up and operate a business.
www.ontario.ca/SBEC or call 1-866-668-4249

CHAPTER FOUR: GETTING FROM A PLAN TO A BUSINESS

You've put a lot of work into planning your business; now it's time to get it going. In this chapter, you'll learn about the steps to take to turn your plan into a reality. You may find that you can skip some of these steps, especially if you're planning a very small business.

It's worth taking the extra time to complete this section. It will help you anticipate what might happen, maintain your focus and improve your ability to manage risks. Remember to keep your business plan up to date as you continue to learn about and develop your business.

Helpful Tip:

Just as you used a calendar to help plan your business, use a calendar to decide when you can open your business and when other tasks must also be accomplished. If some actions take a long time, make sure you start early enough. The same applies to waiting for certain things to happen – like funding decisions. If there's a six-month wait to hear about a grant, make sure you can delay your spending until later. Some people like to use a chart that shows what steps need to be taken and the order that they need to occur.

HOW TO REGISTER YOUR BUSINESS

Before you open your business, you may need to let the government or your professional association know about it. Register your business name so no one else can use it. This involves making sure that the name you've chosen is not in use by another business and also involves registering for the various licences and taxes that are relevant to your business.

Once your business is registered, you'll also be able to open your business bank accounts. If you're not planning to incorporate your business, start by opening your bank accounts.

Helpful Tip:

You must know the type of business structure you will be operating before you can register your business. While you can change your structure later, it's better to seek advice early and make a good choice for your business.

There are many experts who can help you register your business, including lawyers, consultants and Economic Development Officers. You can also go to the Service Ontario website that provides instruction on how to register a business: www.ontario.ca/en/services_for_business/STEL02_039990

Visit www.ontario.ca/en/services_for_business/STEL02_163187 or call 1-888-745-8888 for access to a variety of business registration forms.

HOW TO OPEN YOUR BUSINESS ACCOUNTS AT A BANK OR CREDIT UNION

You'll need to have at least one, and possibly several, accounts at a convenient branch of a bank or credit union. The bank or credit union will keep your money safe and help you to manage it effectively. Every Canadian bank has a website full of useful information about the types of accounts they offer and the costs and benefits of each one. Visit your local branch and discuss your needs with a Customer Service Representative.

INFORMATION YOU'LL NEED TO OPEN AN ACCOUNT

- ☐ Business Registration (e.g., Corporation Number, Letters Patent).
- ☐ Business address.
- ☐ Names and personal information, including signature, of all people who will have the ability to deposit or withdraw funds.
- ☐ Your draft business plan.

You'll also be asked questions about:

- ☐ The nature of the business.
- ☐ Your projected revenue.

HOW TO OBTAIN INSURANCE

You'll need insurance for your property and for your operations. Some of your suppliers and customers may require certain levels of insurance coverage. An insurance broker can help you to determine the type of insurance you need, where to get it and how much it will cost.

Helpful Tip:

An insurance broker will help you to find a company that will insure your home, your car, your business property and your business activities. If you have employees, you will also need to register with the Workers' Safety and Insurance Board.

RECRUITING YOUR STAFF

From your business plan, you'll know the types of skills you'll need to run your business. Now is the time to place job ads and recruit people with those skills. Make sure you have the right people for the right jobs.

If you're starting a very small business, you may find that you'll be doing all the jobs at the beginning. If you're a medium or larger business, consider working with a Human Resources Consultant to set up your new organization.

You can get advice from a variety of sources online or from your Economic Development Officer on:

- Writing and placing a job ad.
- Interviewing applicants.
- Deciding who to hire.
- Job descriptions.
- What to pay your employees.
- How to supervise your employees.
- How to create an enjoyable and productive workplace.

Helpful Tip:

It can be hard to know what to do when an employee isn't working out. Find other business owners you can discreetly talk to about the challenges you face (i.e., you should avoid identifying individual employees by name). They'll listen to you and could have good advice to share from their own experience.

Once you've identified all the jobs you need to fill and all the people who will fill them, complete the chart below with a description of the roles, responsibilities and qualifications of the people who will be working in your business.

Management

Title and Name	Responsibilities	Qualifications

Front-line Workers

Job Title	Skills Required	Salary/Wage	Full time/ Part time / Seasonal	Number of people in this role

OPEN YOUR DOORS — CELEBRATE!

You'll be ready to welcome the world when you have:

- ☐ A space that's ready to use.
- ☐ Equipment and staff who know how to use it.
- ☐ Everything you need to deliver your product or service.
- ☐ Money to make a transaction.
- ☐ Customers aware of your business and ready to try your product or service.

MAKE A SALE

WILL THAT BE CASH OR CREDIT?

It seems like a simple question, but there's a lot to think about. Will your business transactions be large or small? Will they be daily or annual? How much will it cost your business to offer credit? If you'll be selling to government or other businesses, how long do you expect to wait until you're paid once you've sent an invoice? Each industry has its own standards for payment. In retail, purchases are made using cash, debit or credit cards. In some wholesale businesses, suppliers expect a cheque on delivery. In some service businesses, an invoice is sent once

the service has been delivered and the client is expected to pay within 30 days. These standards of payment are called "terms of trade."



WRITE DOWN THE TERMS OF TRADE IN YOUR BUSINESS PLAN.

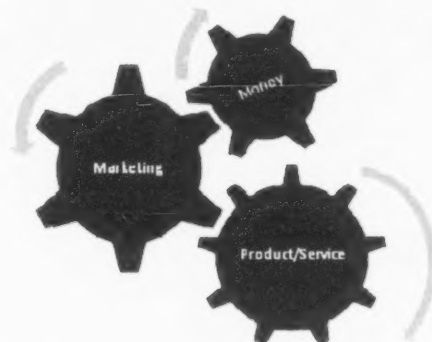
MANAGING YOUR BUSINESS

There are a number of ways to organize all the things that happen in your business. Business activities tend to be cyclical and understanding the cycles in the life of your business will help you to predict and plan for events.

Business owners need to keep track of their business and all of its functions. It's important to understand how the different functions of a business relate to one another. Think about *what* needs to be managed and *when* things need to be done in your business.

WHAT NEEDS TO BE MANAGED

There are three key areas that need to be considered by anyone owning, operating or managing a business: the product or service of the business, the marketing of that product or service and the financial activities of the business.



For each area, it's important to consider:

- Who is in charge of these aspects of your business?
- What activities fall into each of these areas?
- How do they relate to one another?
- What's your plan or strategy for each of these parts of your business?
- What else needs to be managed in your type of business?

WHEN THINGS NEED TO BE DONE

It can also be helpful to develop a calendar to organize the timing of important business activities. Many activities are cyclical, in that they happen on a regular basis. Below are some examples and their general timing:

Every Day:

- ☐ Have a routine for opening the door and getting ready to do business.
- ☐ Keep track of sales — send out invoices for any goods you've delivered.
- ☐ Deposit money you've received (cheque, credit card, debit card, cash) into the bank.
- ☐ Keep track of production, shipping and receiving.
- ☐ File purchase orders, work orders, receipts and invoices electronically or on paper.
- ☐ Keep your workplace clean and tidy.
- ☐ Walk around to talk with your employees and see if they have any questions.
- ☐ Check equipment to make sure it's all in good working order.
- ☐ Fix any problems.
- ☐ Give assignments and direction to your team for the day.
- ☐ Talk to customers.
- ☐ Have a routine for closing down for the day, locking the door and making sure everything is secure.

Every Week:

- ☐ Check inventories; re-order supplies when necessary.
- ☐ Meet with your managers or partners to discuss what's working and what needs to happen next.
- ☐ Review the work schedule and make adjustments if necessary.

Every month:

Finances

- ☐ Pay your employees (this may also be done weekly or bi-weekly).
- ☐ Pay employment taxes.
- ☐ Pay corporate tax instalments.
- ☐ Pay GST/HST.
- ☐ Pay rent, including property tax.
- ☐ Pay Accounts Payable.
- ☐ Collect Accounts Receivable.

Marketing

- ☐ Review your sales for the month; decide what worked.
- ☐ Decide on next month's advertising and promotions.
- ☐ Are there new products? Train your team on how they work and how to sell them.

Human Resources

- ☐ Hold a team meeting or event.
- ☐ Evaluate the performance of employees who have been with you for three months, six months or one year.
- ☐ Review the upcoming vacation schedule and make sure all the shifts will be covered by someone.

Regulatory Compliance

- ☐ Make sure that you're following the rules of your business and your industry, including employment standards, customer service, health and safety.
- ☐ Make any changes that will help you comply, especially ones that will keep your costs down.

Every year:

Finances

- ☐ Do an inventory.
- ☐ Complete financial statements.
- ☐ Report to your investors and your lenders (if required).
- ☐ Review your insurance requirements.
- ☐ Find ways to reduce your costs, if possible.

Marketing

- ☐ Meet with key customers to find out how they're using your product or services, and what else they need.
- ☐ Meet with key suppliers to find out about their business and how it could help your business.
- ☐ Set goals for next year.

Human Resources

- ☐ Evaluate your own performance and the performance of your management team.
- ☐ Adjust employee compensation.
- ☐ Consider whether you need to hire more employees or if you need to let some go.

Legal

- ☐ Update your corporation.
- ☐ Review your lease and other contracts, and renew any that will be ending soon.

You can also take a “quarterly” or seasonal approach to identifying what needs to be done:

Activity	January – March	April – June	July – September	October – December
	Winter	Spring	Summer	Fall
Operations				
Marketing				
Finances				
Human Resources				
Regulatory Compliance				
Legal				

PAY YOUR BILLS

Money is coming in – or will come in to the business once customers pay their invoices. You've been in business for a while and now your suppliers are asking to be paid. Especially in the early days of a business, it can be hard to keep up with all your bills (Accounts Payable) because you have to pay for some things before they're sold, or customers are slow in paying what they owe to you (Accounts Receivable).

You and your bookkeeper will need to maintain good communication with your customers and your suppliers to make sure the funds keep flowing. If you have trouble paying your suppliers, you may find that they're reluctant to keep selling to you and that can jeopardize your entire business.

SHARE NEWS WITH YOUR TEAM

Daily or monthly sales, repeat customers, a new product or service, a new colleague – all present great opportunities to keep your team informed about how the business is doing. Everyone wants to be part of a successful organization, so let them know every time you reach a milestone.

CONCLUSION

Below is a business preparedness checklist that you can use to make sure that everything you need to do to move your business from a plan to reality has been completed:

Check when complete	Action
	Register your business
	Open your accounts at a bank
	Line up your professional advisors
	Refine your business plan
	Get your financing in place
	Prepare your business space
	Order equipment and supplies
	Recruit and train your staff
	Promote your product/service
	Open your doors and celebrate!
	Make a sale
	Pay your bills
	Share news with your team
	Build relationships with your customers

WHERE TO FIND SUPPORT AND MORE INFORMATION

Departing Employees

Provides information on the responsibilities of the business and the employee when an employee leaves.
www.canadabusiness.ca/eng/85/181/ or call 1-888-576-4444

Hiring Your Staff

Provides information on requirements, obligations and expectations when hiring new staff.
www.canadabusiness.ca/eng/85/179/ or call 1-888-576-4444

Managing and Training Your Employees

Provides information on how to manage and train your employees, as well as information on health and safety, payroll and tax considerations.
www.canadabusiness.ca/eng/85/180/ or call 1-888-576-4444



Current links, organized by chapter, can be found at ontario.ca/aboriginaleconomy

Recruiting Your Staff

Allows you to advertise job postings for positions in your business through a service called Job Bank.
www.canadabusiness.ca/eng/summary/1472/ or call 1-888-576-4444

Sales and Customer Relationship Management

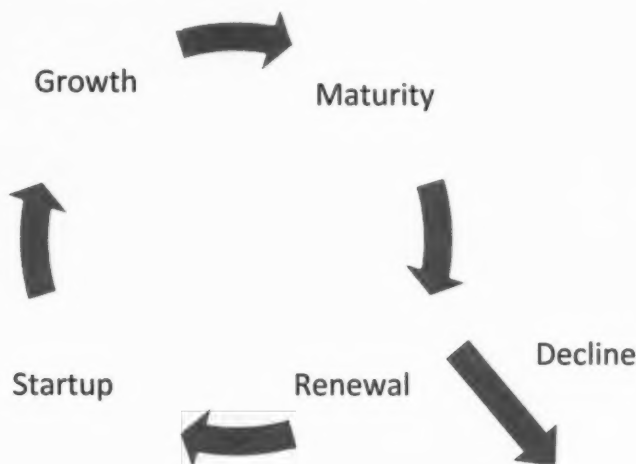
Provides information on how to increase sales and how to manage relationships with customers and the public.
www.canadabusiness.ca/eng/89/901/ or call 1-888-576-4444

Small Business Enterprise Centres

Numerous centres across Ontario provide entrepreneurs with the tools they need to start and operate a business.
www.ontario.ca/SBEC or call 1-866-668-4249

CHAPTER FIVE: TRANSITIONS

Every business goes through predictable stages that are similar to the cycles of life. From start-up, the business grows for a period of time and then at some point – and it's different for every business – sales, revenue and profit stop growing. The business may stay fairly flat for a while, but there will be a time when a decision must be made: if the business has a future, there will need to be new investment. You'll need to find the creativity, money, time and people to renew the business and put it back on a path to growth. If you don't, then the business will decline and will eventually close or have to be sold to someone else to renew it.



This chapter focuses on the main stages that occur during the life cycle of most businesses, and focuses on the transitions related to growth and expansion and winding down or selling your business.

GROWING YOUR BUSINESS

Before making any plans to grow your business, there are a number of things that you should consider.

PERSONAL CONSIDERATIONS

Evaluate your motivations for expanding your business and the impact that expansion could have on your personal and family life. Before deciding to expand your business, consider:

- Are you ready to devote more time to the business, if needed?
- Does your family understand your need to commit more time to the business?
- Will you need to invest some personal financial resources?
- Does expansion fit into your short and long term business objectives?
- Is the return on investment worth your time and effort?
- Will you still enjoy the business?
- Are you willing to take the risk?
- Do you have the right skills and abilities to manage growth? If not, where will you get them?

If your business is home-based:

- Will additional traffic to your home affect your privacy or that of your family?
- Could it disrupt your neighbours? Some communities establish rules for residential areas, so be sure to check ahead.

OPERATIONAL CONSIDERATIONS

Your current operations should be relatively stable before you consider expanding your business. Research shows that trying to expand when your business is not ready is a leading cause of business failure.

Growth can put a strain on your cash flow, production capacity and ability to deliver services. Be sure you're starting on a strong footing. Carefully research your ideas and consider the impact of expansion on your operations.

If you're ready to move ahead, take a look at the different ways to grow your business and some of the things you may need to do to achieve your goals.

IDENTIFY OPPORTUNITIES ARISING FROM YOUR CURRENT BUSINESS

You can uncover business opportunities by analyzing your current business operations. Taking stock of your strengths and weaknesses can help you discover areas where you could be more efficient and identify redundancies. Following through on these results can go a long way towards contributing to your bottom line.

Identify any human, physical or other operating assets that you could use more productively. These could include:

- Land, space, equipment or facilities.
- Products.
- Systems.
- Cash or credit.
- Licences, trademarks, patents and other intellectual property.
- Skills, knowledge and experience.
- Contacts.
- Reputation.
- Market position.
- Methods of distribution.
- Locations.



WRITE DOWN BUSINESS ASSETS THAT YOU COULD USE MORE PRODUCTIVELY.

Analyze the strengths and weaknesses of your business, and try to determine the cause of certain outcomes. Consider:

- Where your operation excels/falls short.
- Where your operation is innovative/non-productive.
- Product lines or service offerings that are underperforming.
- Compliments/criticisms made by customers or others.
- Weaknesses in your business where competing firms are stronger.



WRITE DOWN YOUR BUSINESS STRENGTHS AND WEAKNESSES.

You may want to consider calling on external consultants to help you review your strengths and weaknesses.

You can design strategies to improve your strengths, reduce your weaknesses or turn these weaknesses into strengths. The following questions may be helpful in designing strategies for improving your business:

- What strengths can you use as a basis for expansion?
- Can weaknesses be corrected or turned into strengths?
- What new opportunities can be identified after considering current strengths and weaknesses?

The following section suggests a variety of activities that you can undertake to both improve and grow your business. It was provided by Canada Business and is also available at www.canadabusiness.ca/eng/145/146/875/. Thinking about these activities will help you design a strategy to grow your business.

WAYS TO GROW YOUR BUSINESS

If growing your business is one of your business objectives, identify activities that maximize the return on your time and investment – take time to plan your implementation strategy. It also helps to focus on the kind of growth you hope to achieve and that you can manage at this point in the life of your business.

There are many strategies you can consider:

Implement new or improved business operation processes

Evaluate your business activities and processes to find ways to improve productivity or reduce your costs. Money you save by implementing these changes can be invested in other business activities.

Improve administrative efficiency

Find ways to increase the effectiveness or efficiency of tasks not involved directly in the delivery of the product or service. Business management tools in the form of software or services could help the administrative side of your business. Efficiencies in staffing, planning, budgeting, controlling and managing information could save you time and money.

Improve productivity

Evaluating your production processes can help you spot areas where you can streamline your operations and eliminate redundancies. This could lead to automating processes, improving facilities, implementing technologies and training employees.

Optimize your distribution

Adjust your distribution system to accommodate market demand or to improve the distribution of your products. Consider activities such as eliminating low volume distributors or consolidating distribution and warehousing.

Find new suppliers or outsource parts of your operations

Manage your suppliers and make sure you're getting the best prices. You can also consider outsourcing or subcontracting elements of your business (buy rather than manufacture) to focus on what you do best.

Take advantage of underused resources

Do you have resources that are not used to their full capacity? Does your business go through periods that are busier than others? You could try to find business opportunities that make constructive use of those resources during the downtimes. This might involve seasonal or periodic shifting of management priorities and training employees to do new tasks.

Increase sales

Grow your business by finding ways to increase sales or target new markets. To increase sales, you may have to introduce new business lines, expand your market, increase your marketing activities and improve customer service. If you're in manufacturing, this could mean increasing your productivity to meet demand.

Introduce new products or services

Provide a broader range of products or services for your clients or introduce totally new lines. You'll need to research your market to see if there's an appetite for your proposed offering. Consider using some of your existing clients as a testing bed, which can help you manage some of the risks and even help you learn how the product or service can be improved. Pay special attention to marketing and promotion to get the word out on your new offerings.

Expand to new domestic markets

While targeting new markets can be costly, it can increase your client base. Market research will help you understand the potential new market and help you devise a strategy to tackle it. You'll also need to consider marketing, sales, distribution and increasing production to meet the new demand.

Enhance your sales channels

Evaluate and optimize your sales channels. This could help you reach more clients, increase your market control and improve profitability. For example, you could:

- Provide your sales staff with enhanced training.
- Contract independent sales representatives or hire your own.
- Add retail outlets.
- Use resellers.
- Implement an e-business strategy.

Marketing activities

Improve the efficiency of your marketing activities. Track the outcome of your current marketing or advertising and be prepared to shift your strategy if you're not seeing your desired results. Study your intended clients to know how best to reach them and plan your marketing strategy accordingly.

Change price, terms or conditions of billing

Changing your prices, terms or conditions of billing could stimulate market demand for products or services. Keep an eye on what your competitors are offering and your own profit margins to determine if you can reduce your cost. Without touching your price, sometimes sweetening the deal with favourable terms of trade can sway the buyer your way.

Keep an eye on the competition

Always be aware of what your competitors are doing. This information helps you understand their behaviours, capabilities and limitations. Armed with this knowledge, you'll be better prepared to defend your market position, react to changes and find niche markets.

Improve community relations

Increase your presence and visibility in your community. Activities such as sponsoring community events, speaking at engagements or supporting a local sports team can raise awareness of your business and stimulate market demand.

Don't neglect customer service

Keep in mind the customer's perception of your service quality or responsiveness. The positive word of mouth from a happy customer is worth its weight in gold.

Know when to pull the plug

Eliminate sectors, services or product lines having low margins, low profitability or excessive selling costs. This can be difficult due to emotional commitments to existing offerings, but in the long run, it can save you money that you can reinvest more wisely.

Expand into International Markets

There's considerable advice and financial support available to Canadian businesses that are interested in expanding into international markets. Export Development Canada has many officials to help you prepare for exporting.

Before deciding to export, you need to think about the resources and knowledge your business has and consider changes you may need to make to your business to accommodate exporting activities. Consider the following:

Expectations

- Are your export objectives clear and achievable?
- Do you have a realistic idea of what exporting entails and what it takes to succeed?
- Are you open to new ways of doing business?

Human Resources

- Can your staff handle the extra demand associated with exporting?
- Is your team committed to succeeding in new markets?
- Can you respond quickly to customer inquiries?
- Do you have personnel with culturally-sensitive marketing skills?
- How will you deal with language barriers?

Financial and Legal Resources

- Can you obtain enough capital or lines of credit to produce the product or deliver the service?
- Can you find ways to reduce the financial risks of international trade?
- Do you have people to advise you on the legal and tax implications of exporting?
- How will you deal with different monetary systems?
- Is your intellectual property protected?

Competitiveness

- Do you have the resources to undertake market research?
- How do you plan to enter export markets?
- Is your product or service viable in your target market?

Customer Profile

- Who already uses your product or service? Is it in general use or limited to a particular group?
- Is it popular with a certain age group?
- Are there other significant demographic patterns to its use?
- Are there climatic or geographic factors that affect the use of your product or service?

Product Changes

- Are changes required to make it appeal to foreign customers?
- What's its shelf life? Will this be reduced by time in transit?
- Is the packaging expensive? Can it be easily modified to satisfy the demands of foreign customers?
- Is special documentation required? Does it need to meet any technical or regulatory requirements?

Transportation

- How easily can it be transported?
- Would transportation costs make competitive pricing a problem?

Local Representation

- Does it require professional assembly or other technical skills?
- Is after-sales service needed? If so, is it available locally or do you have to provide it? Do you have the resources to do this?

Exporting Services

- If you're exporting services, what's unique or special about them?
- Are your services considered to be world-class?
- Do you need to modify your services to allow for differences in language, culture and business environment?
- How do you plan to deliver your services: in person, with a local partner or electronically?

Capacity

- Can you serve both your existing domestic customers and your new foreign clients?
- Will you be able to look after your export customers if domestic demand increases, or vice versa?

Innovation

Innovation is about making positive change. It's finding creative new ways to tackle problems, react to change or make something better. In business, this means coming up with new or improved products or services that you can produce, license or sell. It also means developing business processes that reduce your costs and boost productivity. Investing wisely in innovation can improve your ability to compete in Canadian and world markets.

The road from developing and testing an original idea to introducing it in the marketplace can be long and costly. Remember that many great ideas never make it past the drawing board. Carefully evaluate your ideas and stick with those that offer the most promise and return on your investment.

To innovate, you may need to do research, use new technologies, train employees, improve productivity, establish partnerships and seek financial support.

Franchise your business

Franchising is one alternative for expanding a successful business. In a way, it's like allowing others to copy your business for a fee. It allows you to expand your business with minimal investment capital compared to other business expansion models, since initial investment at the unit level is covered by the franchisee. You profit by getting a franchise fee and royalties, and the franchisee benefits by getting a proven business model.

The royalty ranges from 2 per cent on the gross sales revenue to 50 per cent of the net, depending on the nature of the business and your required degree of involvement. It's not uncommon for you to expect from 3 per cent to 5 per cent of a franchisee's revenues to be contributed to a cooperative advertising and promotion budget to promote the entire conceptual entity and corporate identity (product, logos, signage, etc.). In theory, the purchaser of your franchise package owns their own business, but in practice, the franchise contract removes any creative freedom from the operation of that business.

When you franchise your business, you set up a contractual relationship through a franchise agreement with the buyer that includes information on the key elements that are necessary to duplicate the success of your business in any number of new locations.

Some of the things you, as a franchiser, could offer in the franchise agreement include:

- A sub-lease on a location, immediately identifiable changes to the building's exterior.
- A complete package of leasehold improvements.
- A furniture and fixtures assortment (all complete with logos and trademarks).
- A starting inventory package.
- An initial training package.
- An on-going support system comprised of accounting, promotion and general expertise in all aspects of the business management.

Franchisers can often generate additional revenues by purchasing inventory and supplying stock to all the franchisees. A margin on the purchased stock or a service charge to the franchisees is quite common.

Form partnerships or buy another business

Have you considered joint venture opportunities that could grow your business? Instead of doing it all yourself, you can link up with a business or someone who complements what you do in order to grow your business. Partnerships or strategic alliances are ways to grow your business without investing a large portion of your own capital.

Buying or merging with an existing firm also offers opportunities to grow your business. Compared to starting a new business, some of the hard work has already been done for you. An existing business generally has its own markets with a customer base, production facilities, skilled workers and product or service lines you can blend or integrate with your own.

A strategic alliance allows you to grow your organization without necessarily expanding its size and incurring more costs. It also allows you to test the market for growth potential. Some benefits of joining up with another business include:

- Extending your market reach.
- Increasing the scale of your production output.
- Getting better prices through bulk purchasing.
- Getting access to new technology.
- Accelerating research and development by sharing costs and resources.

When you're looking for a potential partner, you should carefully assess the risks. Ask yourself the following questions:

- Does your partner have management buy-in or commitment from its board?
- Do you have a specific list of attributes that you're looking for: location, market reach, business culture?
- Have you ranked candidates with specific attributes in mind?
- Do you have the same objectives or goals as your partner? Have you established your expectations together?
- Will you be competing in the same market? Will this alliance affect your market position?
- Are your brands compatible? For example, a cost-focused company and high-end consumer business might not be an ideal pairing.
- Do you have a clear exit strategy?
- How long will the relationship last? Is it a one-time deal or long-term? Put everything in writing and be sure you have a systematic way of communicating.
- Do you have a strategic plan in mind for your alliance that addresses the future of that alliance?
- Do you know what kind of contract you'll be signing? If there's a contract, ensure that it's governed by Canadian law. You'll also need to define your terms of payment, which may vary in different countries.

Join forces to achieve economies of scale

In general, an alliance can help a company achieve economies of scale. By joining forces, partners can obtain better purchase prices from suppliers and lower their costs per item. As a company increases in size, costs per unit fall, resulting in lower prices or higher profits. An alliance could help your company negotiate better supply deals, share administrative costs such as advertising, and take advantage of costly technology and research and development.

Use a larger company's distribution network

By making agreements with distributors, you can generate more profit for your company. However, it's crucial to assess risks such as performance, relationship structure and product training. Profile potential distributors to ensure that they're aligned with your needs and that your products don't compete with theirs. Forming an alliance is much like recruiting a new employee – you'll want someone who matches your company profile and represents you well; after all, your distributor has both your product and image in hand. This can be a cost-effective strategy; not only do you save costs by forming strategic alliances with local people, but you can also rely on their distribution and marketing knowledge.

Pass useful knowledge down the chain

You can also work closely with suppliers to develop new products, and share knowledge and training to improve your production process. For instance, you can coordinate your production schedule with theirs, reduce costs through size and timing of orders, and increase your range of products and services. Keep in mind that you'll have to update your partner on any changes in new products and share forecasts to develop accurate sales plans.

Choose the best partner

You should choose your partner based on how their company ranks according to your key criteria, whether it's to expand your market reach in a specific location or improve your transportation. It's important not to be lured by sales pitches by prospective partners that don't meet your demands. You should take the time to do some research, check the credit of potential suppliers and get first-hand advice from other companies that may have

done business with your prospective partner. Remember, although the price is important, so are reliability and speed.

A joint venture for on-site production

Another alliance strategy is to set up a joint venture where an on-site partner is responsible for production and the distribution of products in a specific area. In general, your partner would transfer knowledge and know-how and you would collect royalties in return. Your business benefits from your partner's specific market expertise and gives you easier access to the market.

In the end, there are many other types of alliances you can consider, depending on your business needs. It's important to select a strategy that will help you bring your business to a whole new level of growth.



WRITE DOWN YOUR IDEAS OR STRATEGIES FOR IMPROVING OR GROWING YOUR BUSINESS.

FINANCING GROWTH

Unless you've been able to generate substantial revenue from your existing business, you'll likely need additional financial resources to help you expand your business. Speak to your financial advisor or Economic Development Officer about your options for financing growth and where to find sources of financial support. You can also refer back to Chapter 3 for a discussion of business financing.

Aboriginal Business Directory

The Ontario government has developed an Aboriginal business directory with First Nations, Métis and industry to help connect Aboriginal communities and industry to promote business and economic partnership opportunities in Ontario. You can register your business or search for existing Aboriginal businesses by visiting www.ontario.ca/aboriginalbusiness

The federal government maintains a similar directory of Aboriginal businesses. This directory can be accessed by visiting www.ic.gc.ca/eic/site/ccc-rec.nsf/eng/home

BUSINESS RETENTION AND EXPANSION

Business retention and expansion (BR+E) is a community-based economic development strategy with a focus on taking care of, nurturing and supporting businesses already existing in the community. BR+E improves the competitiveness of local businesses by identifying and addressing their needs and concerns, and builds on business development opportunities. This is crucial to the economic health of communities since businesses that stay competitive are more likely to remain and expand in the community.

The Ontario Ministry of Agriculture, Food and Rural Affairs has a number of resources dedicated to BR+E, including training workshops and information sessions, a web-based analysis application, a BR+E resource manual and a funding program for BR+E activities. You can visit their site at www.reddi.gov.on.ca/bre.htm or call 1-888-588-4111. For your convenience, links to the web-based application, resource manual and funding guide and application are provided at the end of this chapter.

SUCCESSION PLANNING

When you're ready to start thinking about retiring or leaving your business, you may want to consider who will be taking over the business from you. There are a number of things that should be considered when planning your departure from your business:

Timing

- When are you planning to leave the business?
- How long will you stay active in some of the business' activities? How long will you be providing coaching or support to the new management team?

The Right Person

- Is there someone in the business now who could take over the business from you? Does he or she want the opportunity? What kind of training will he or she need to get ready?
- If there's someone in the business now that you don't think would make a good successor, think about how you'll break the news that someone else will be taking charge.
- If you need to look outside the business to find your successor, where will you look?
- Will you sell the business to someone else?

Operations

- Make a list of all the actions that you perform in running your business that someone else will need to do, from the largest decisions to the smallest actions. Plan for the transfer of each of these activities.

Communications

- Who needs to know that someone else will be taking charge of your business? Introduce your successor to key customers, suppliers, banks and other people who are important to the business and would need to know.



DEVELOP A SUCCESSION PLAN FOR YOUR BUSINESS.

Consider the people involved, the timing of the change-over, the actions required and how you'll communicate this plan to those around you.

SELLING YOUR BUSINESS

There are a number of reasons why people may sell a profitable business. You may decide that the time is right to sell your business to somebody else.

Selling a business can be difficult. When you decide to sell your business, you'll need professional advisors to help you determine what the business is worth. They can also help you find someone to buy it. You'll also need a lawyer to help you with the legal change of ownership and a bank can assist with financing for the new buyer.

You'll need to tell the story of your business, why it has been successful and why it will continue to succeed even when you're no longer part of it. You'll need to provide your business' financial information to the prospective buyer and develop a plan for the transfer of knowledge and responsibilities to the new owner.

It's important to keep the lines of communication open with your employees, suppliers and customers about the future of your business. When you sell your business, you should speak with those you're involved with and discuss the future of the business, answering any questions they may have.

CONCLUSION

As this chapter has shown, a business can undergo a number of transitions and these transitions can take many forms. Acknowledging how and in what ways you would like your business to develop is a key feature in many of the business decisions you may make. It's also important to understand that there are changes a business will undergo that originate from within the business and others that originate from outside. A changing environment in which a business operates will have an effect on the development of that business. Understanding the circumstances in which a business operates is just as important as understanding the way in which it operates.

WHERE TO FIND SUPPORT AND MORE INFORMATION

BR+E Resource Manual

This document outlines the human resources needed for a project, describes the four stages of BR+E with steps to follow in each stage, and provides sample forms, letters and meeting formats that can be easily adapted for community needs. It also includes an evaluation guide to measure changes in the economic well-being of a community following a BR+E process.

www.reddi.gov.on.ca/pdf/3609787_bre_resource_manual.pdf or call 1-888-588-4111

BR+E web-based Application

The web-based BR+E application is a powerful technology tool intended to assist the user in: storing and tracking business survey data; analyzing, reporting on and comparing project results; and facilitating the development of strategic actions to support local businesses.

www.reddi.gov.on.ca/bre_webapplication.htm



Current links, organized by chapter, can be found at ontario.ca/aboriginaleconomy

BR+E Projects Guide and Application Form

www.reddi.gov.on.ca/doc/3028733_red_-_bre_supplement_-_0306.doc or call 1-888-588-4111

Business Growth

Provides information on ways to grow your business, including increasing sales and innovating.

www.canadabusiness.ca/eng/145/146/875/ or call 1-888-576-4444

Small Business Enterprise Centres

There are numerous centres across Ontario to provide entrepreneurs with the tools they need to start and operate a business.

www.ontario.ca/SBEC or call 1-866-668-4249

Succession Planning

A guide to succession planning for your business.

www.canadabusiness.ca/eng/guide/2654/ or call 1-888-576-4444

APPENDIX

ADDITIONAL RESOURCES

ABORIGINAL RESOURCES

Aboriginal Business Directory

The Ontario government has developed an Aboriginal business directory with First Nations, Métis and industry to help connect Aboriginal communities and industry, promoting business and economic partnership opportunities in Ontario.

www.ontario.ca/aboriginalbusiness

The federal government maintains a similar directory that can be accessed by visiting:

www.ic.gc.ca/eic/site/ccr-rec.nsf/eng/home

Aboriginal Business Info-Guide

The Info-Guide provides information for Aboriginal businesses, including services, financing, taxation and regulations.

www.ontario.ca/en/business/STEL02_040014 or call 1-888-745-8888

Aboriginal Canada Portal

A Government of Canada website that acts as a single window to First Nations, Métis and Inuit online resources, and government programs and services.

www.aboriginalcanada.gc.ca or call 1-888-399-0111

Aboriginal Connectivity Profiles

Connectivity profiles show Internet accessibility in Aboriginal communities in Ontario.

www.aboriginalcanada.gc.ca/acp/site.nsf/eng/ao31316.html



Current links, organized by chapter, can be found at ontario.ca/aboriginaleconomy

Aboriginal Human Resource Council (AHRC)

The Aboriginal Human Resource Council creates and markets a wide range of resources to help Aboriginal people participate fully in Canada's economy.

www.aboriginalhr.ca/ or call 1-866-711-5091

Aboriginal Renewable Energy Network

A website that provides information on how Aboriginal communities can participate in developing renewable energy generation facilities.

www.aboriginalenergy.ca or call 1-888-471-2377

Aboriginal Skills and Employment Training Strategy (ASETS) Agreement Holders

A list of Agreement holders in Ontario. Formerly, Aboriginal Human Resource Development Agreement (AHRDA).

www.hrsdc.gc.ca/eng/employment/aboriginal_employment/locations

Canadian Aboriginal and Minority Supplier Council (CAMSC)

CAMSC operates as a private sector-led, non-profit membership organization that's composed of major multinational corporations operating in Canada. CAMSC delivers programs and processes to promote and facilitate procurement opportunities between major corporations in Canada and suppliers of all sizes owned and operated by Canadian Aboriginals and Minorities.

www.camsc.ca/ or call 416-941-0004

Canadian Council for Aboriginal Business (CCAB)

CCAB is a national, non-profit association to support Aboriginal-owned businesses.

www.ccab.com/ or call 416-961-8663

Canadian Executive Service Organization (CESO)

CESO supports businesses at a local level by supporting private-sector development, especially small and medium-sized businesses (SMEs). CESO also develops social programs that improve health services, education quality and employment training opportunities. CESO contributes to economic and social growth by helping to promote new employment opportunities, income generation and improved standards of living around the world.
www.ceso-saco.com/

Capital for Aboriginal Prosperity and Entrepreneurship (CAPE) Fund

CAPE Fund's mission is to further a culture of economic independence, ownership, entrepreneurship, and enterprise management among Aboriginal peoples, on or off reserve through the creation and growth of successful businesses. CAPE Fund will provide equity and quasi-equity capital, business expertise, and mentoring on individual projects that are capable of providing both a financial and social return.
www.capecfund.ca/ or call 514-982-3803

Council for the Advancement of Native Development Officers (CANDO)

CANDO provides a national body for Economic Development Officers (EDOs) that focuses on the training, education and networking opportunities necessary to serve their communities and/or organizations as professionals. CANDO is Aboriginal-controlled, community-based and membership driven, and is directed by a regionally represented volunteer board of elected EDOs. CANDO is unique because it's the only national organization that focuses on education and professional development for EDOs working in Aboriginal communities or organizations.
www.edo.ca

National Aboriginal Capital Corporations Association (NACCA)

The National Aboriginal Capital Corporations Association (NACCA) is the association for a network of Aboriginal Financial Institutions (AFIs) dedicated to stimulating economic growth for Canada's Aboriginal peoples by promoting and underwriting Aboriginal business development.
www.nacca.net/ or call 613-688-0894

Ontario Federation of Indian Friendship Centres (OFIFC)

The Ontario Federation of Indian Friendship Centres provides a number of services to Aboriginal people, including access to employment and business support programs.
www.ofifc.org/ or call 1-800-772-9291

Current links, organized by chapter, can be found at
ontario.ca/aboriginaleconomy

Ontario First Nations Economic Developers Association (OFNEDA)

<http://ofneda.com/>

Public Sector Aboriginal Business Association (PSABA)

The Public Sector Aboriginal Business Association (PSABA) is a national non-profit membership association developed to serve the needs of Aboriginal companies interested in conducting business with the public sector. PSABA is committed to providing members with opportunities for professional development, advocacy and networking.
www.psaba.com/ or call 613-795-5407

Youth Canada (Aboriginal)

The Aboriginal Youth section of the Youth Canada website lists a number of programs and services specific to the needs of Aboriginal youth, including education, training, professional support and job support.
www.youth.gc.ca/eng/audiences/aboriginal or call 1-800-622-6232

BANKS / PROFESSIONAL SERVICES**Bank of Montreal (BMO)**

www.bmo.ca/home/small-business/ or call 1-877-225-5266

BDC (Formerly Business Development Bank of Canada)

Provides information on starting a business, including planning, financing and managing.
www.bdc.ca/en/advice_centre/ or call 1-877-232-2269

Chartered Accountants of Ontario

www.icao.on.ca/ or call 1-800-387-0735

CIBC

www.cibc.ca/ca/small-business.html or call 1-800-465-2422

Law Society of Upper Canada

The following website includes information on how to find a lawyer in Ontario:
www.lsuc.on.ca or call 1-800-668-7380; 1-800-268-8326 (referral service)

RBC Royal Bank

www.rbcroyalbank.com/business or call 1-800-769-2520

Scotiabank

www.scotiabank.com or call 1-800-472-6842

TD/Canada Trust

www.tdcanadatrust.com/smallbusiness/ or call 1-866-222-3456



Current links, organized by chapter, can be found at
ontario.ca/aboriginaleconomy

GOVERNMENT RESOURCES**Canada Business - Services for Entrepreneurs**

A Government of Canada site devoted to helping Canadian entrepreneurs succeed. It provides business information and tools, as well as referrals to other supports, organizations and sources of funding.
www.canadabusiness.ca/ or call 1-888-576-4444

Canada Revenue Agency Guide for Small Business

The Guide for Small Business provides information for small business in Canada on a variety of subjects including taxes, business structures and payroll.
www.cra-arc.gc.ca/E/pub/tg/rc4070 or call 1-800-959-5525

Doing Business with Government

Information and guide on how to do business with the Ontario Government provided by the Ontario Ministry of Government Services.
www.doingbusiness.mgs.gov.on.ca/ or call 1-800-268-1142

FedDev

FedDev is a development agency for southern Ontario whose programs will support economic and community development, innovation, and economic diversification, with contributions to communities, businesses and non-profit organizations
www.feddevontario.gc.ca or call 1-866-593-5505

FedNor

FedNor is a federal regional development organization in Ontario that works with a variety of partners, as both a facilitator and catalyst, to help create an environment in which communities can thrive, businesses can grow and people can prosper.
www.ic.gc.ca/eic/site/fednor-fednor.nsf/eng/home or call 1-800-328-6189

Indian and Northern Affairs Canada

Federal department of Indian and Northern Affairs. www.ainc-inac.gc.ca/ or call 1-800-567-9604

Invest in Canada

A website dedicated to providing Canadian business support and investment information.
investincanada.gc.ca or call 1-800-622-6232

Invest in Ontario

A website dedicated to providing Ontario business support and investment information.
www.investinontario.com/ or call 1-800-819-8701

Northern Ontario Heritage Fund Corporation (NOHFC)

The NOHFC offers programs and support for fostering job creation and strengthening the economies of northern Ontario communities.
www.mndm.gov.on.ca/nohfc or call 1-800-461-8329

Ontario Association of Community Futures Development Corporations

The Community Futures Program is a Government of Canada initiative which supports 61 Community Futures Development Corporations (CFDCs) in Ontario. FedDev Ontario works with the 37 CFDCs in rural Eastern and Southern Ontario, while FedNor works with the 24 organizations in the North. CFDCs offer a wide variety of programs and services supporting community economic development and small business growth.
www.oacfdc.com/ or call 1-866-668-2332

Ontario Business Program Guide

The Ontario Business Program Guide provides information on government-funded programs and services for Ontario businesses.
www.ontario.ca/en/business_program/ or call 1-888-745-8888

Ontario Business Support

A Government of Ontario website that offers information on a variety of business supports, including tax information, grants and funding, as well as consultation and advisory services.
www.ontario.ca/en/business_support/ or call 1-888-745-8888

Ontario Central Forms Repository

A searchable database of Government of Ontario forms.
www.forms.ssb.gov.on.ca or call 1-888-745-8888

Current links, organized by chapter, can be found at
ontario.ca/aborigineconomy

Ontario Ministry of Agriculture, Food and Rural Affairs – Economic Development Branch

The Economic Development Division is responsible for programs and services to support information technology transfer. Staff work with farmers, agri-businesses, municipalities, and other partners in the agriculture and rural sectors to identify needs and opportunities, adopt new technologies and make sound business decisions. It's responsible for expanding Ontario food and agricultural sales in export and domestic markets, and providing support to the processing industry through investment attraction, investment retention and sector development.
www.omafr.gov.on.ca/ or call 1-877-424-1300; 1-800-461-6132 (Northern Ontario)

Ontario Ministry of Economic Development and Trade

The Ontario Ministry of Economic Development and Trade (MEDT) supports businesses of all sizes and helps them innovate and compete in today's fast changing global economy. MEDT offers numerous business supports through Ontario's Small Business Enterprise Centres, the International Trade and Marketing Division of MEDT, and a number of business-related studies and publications.
www.ontario.ca/economy/ or call 1-866-668-4249

Ontario Ministry of Revenue

The Ontario Ministry of Revenue provides tax information applicable to small business in Ontario.
www.rev.gov.on.ca/en/resources/smallbusiness/ or call 1-866-668-8297

Service Ontario

Service Ontario provides a variety of business tools, supports and services for Ontario businesses, including licences, permits, registration forms and grant information.
www.ontario.ca/en/services_for_business/ or call 1-888-745-8888

Small Business Enterprise Centres (SBEC)

Small Business Enterprise Centres are dedicated to providing tools, support and services to small business throughout Ontario. There are numerous locations across the province.
www.ontario.ca/SBEC or call 1-866-668-4249

Rural Economic Development Data and Intelligence (REDDI)

REDDI is devoted to the local economic development process in rural communities across Ontario. Whether you're a community leader, an economic development professional or citizen volunteer, this site will help you identify local priorities and carry out strategies that will achieve your community's goals. The site provides tools for economic analysis, information on the Rural Economic Development Program (RED), tools for Business Retention and Expansion (BR+E) and a project evaluation toolkit.
www.reddi.gov.on.ca/ or call 1-888-588-4111

Youth Entrepreneurship Info-Guide

The Info-Guide provides information on a variety of resources for young entrepreneurs, including tax information, hiring, financing, as well as on various associations and online publications. For regulatory or legal questions, it may be useful to contact a lawyer through the Law Society of Upper Canada's Lawyer Referral Service.
www.cbo-eco.ca/en/info-guide/youth_entrepreneurship_info-guide_1085667968674.cfm or call 1-888-576-4444

OTHER RESOURCES

About.com: Entrepreneurs

A website dedicated to providing business information to entrepreneurs, including guides and resources on starting a business, managing a business and growing a business.
entrepreneurs.about.com/

Business Owner's Toolkit

A guide for small business development.
www.toolkit.com/small_business_guide



Current links, organized by chapter, can be found at
ontario.ca/aboriginaleconomy

Canadian Youth Business Foundation

A national charity that provides pre-launch coaching, business resources, start-up financing and mentoring for youth age 18-34 to help them start a business.
www.cybf.ca/ or call 1-800-464-2923

Establishing a Business in Ontario

A guide on how to establish a business in Ontario.
www.investinontario.com/resources/brochures/establishing_business.pdf or call 1-800-819-8701

Ontario Guide to Small Business

A Government of Ontario guide to starting and operating a small business in Ontario.
www.ontariocanada.com/ontcan/1medt/smallbiz/sb_downloads/yrguide_sb_en.pdf or call 1-866-668-4249

Ontario Trillium Foundation

The Ontario Trillium Foundation strengthens the capacity of the voluntary sector through investments in community-based initiatives. It supports initiatives that are innovative and that stimulate economic growth. To this end, OTF will place priority on proposals that support organizations to build skills, create jobs and enhance economic potential for individuals and communities. www.trilliumfoundation.org/ or call 1-800-263-2887

GLOSSARY OF TERMS

This section provides you with definitions for many terms that you'll find throughout the Toolkit. If there are other terms you don't understand, you can find definitions in dictionaries or online. You can also visit the following websites for additional support:

CIBC - Glossary of financial terms

www.cibc.com/ca/small-business/article-tools/financial-glossary.html

BMO - Glossary of business terms

www4.bmo.com/popup/0,4442,35490_47131,00.html

It's important to understand the language that business people use, even if you choose not to build your business in similar ways.

Accounts Payable

Money that your business owes for goods and services. The businesses that sell to you will usually require payment within 30 to 90 days. Once you've received the delivery and before you pay for it, the amount owing is called an Account Payable.

Accounts Receivable

Money that a customer owes to your business for goods and services. Unless you're in a cash business or retail, you'll probably deliver goods or services before you're paid for them. Try to get paid as quickly as possible. Until you're paid for something that you've delivered, the amount owing to you is called an Account Receivable.

Accrual Accounting

This type of accounting is commonly used in business. It allows you to report income when it's earned and expenses when they're incurred. This means that if you make a sale today, but don't get paid for it for 90 days, you report it now. On the other hand, if you pay for a year's worth of insurance now, you only record it as paid as you go along. The other way to record revenue and expenses is called cash basis accounting, which reports income when received and expenses when paid. Cash basis accounting is more commonly used in the non-profit sector.

Administrative Expenses

Operating costs incurred in the normal course of running a business, such as telephone, management and office salaries, professional fees, property taxes, etc.

Amortization

Amortization refers to the process of paying off a debt or mortgage, usually by equal monthly payments.

Assets

An Asset is something that has value, or that contributes to creating value, for your business. Assets can be *tangible* (such as raw materials and equipment) or they can be *intangible* (such as the skills and experience that you bring to the business or your reputation).

Audit

An annual review of a business' accounts and transactions to ensure that they're accurate.

Balance Sheet

A financial statement listing all assets, liabilities and equity of a business at a certain point in time. It provides a quick "snapshot" of a business.

Book Value

Value of an asset as shown on the balance sheet. The book value takes into account depreciation and is often different from its market value.

Break Even Point

The point in time at which a new business' revenues equals its fixed and variable expenses. A break even point is determined by conducting a 'Break Even Analysis'.

Budget

An estimate of future income and expenses over an accounting period (quarterly, yearly, etc.) used as a financial control for business.

Capital

The owner's equity in the business. It can take the form of the proprietor's or partners' capital, or if incorporated, that of common stock, preferred shares and retained earnings.

Cash Basis Accounting

See Accrual Accounting

Cash Flow

Money coming into and going out of your business. It's important to track how money moves into and out of your business because you need to know whether you'll have enough money to pay important bills on time, such as your employees' pay cheques.

Cash Flow Budget

A spreadsheet of monthly inflows (e.g., earnings) and outflows (e.g., expenses) of cash in the business during an accounting period (usually one year). It helps a business to plan its financial requirements.

Closing Inventory

Value of the total inventory or the number of units (goods) that a business has on hand at the end of the accounting period.

Competition, Competitor

A competitor is another business that is selling a similar product or service to yours, in the same geographic location. Competition arises when your business and another business are trying to sell the same or similar things to the same customer. In order to make a sale, you may have to change something: charge a lower price or offer better service, for example.

Corporation

A legal entity incorporated under federal or provincial legislation. This entity is distinct from parties or individuals that own it. Shareholders are not liable for the debts or obligations of the corporation.

Cost of Goods Sold

Abbreviated as COGS, also called cost of sales. Direct cost of producing or providing the business' goods or services. It includes direct labour expenses/costs and production overhead, plus opening inventory, plus purchases, less closing inventory.

Customer, Client

Customers purchase goods or services from your business. Clients usually have ongoing relationships with a business. The business provides advice and sometimes a sense of protection to a client.

Debt

Something owed, usually money. A debt can take the form of a loan, a line of credit, a credit card balance, or a mortgage. In each case, the lender will usually charge interest or a fee until the debt is repaid.

Depreciation

Depreciation means to reduce the value of an asset over the lifespan of that asset. For example, if you buy a large piece of equipment that you expect will last 10 years, you 'depreciate' the asset by showing that its value is reduced by a certain amount each year. Your accountant will help you to determine the amount of depreciation to show each year on your Income Statement.

Disbursements

Funds paid out of a business in settlement of obligations.

Dividend

A sum of money paid to shareholders of a corporation out of earnings.

Drawings

Withdrawals of assets (usually cash) from a business by a sole proprietor or a partner.

Equity

Equity refers to the value of the business, after debts have been paid. If you invest \$10,000 in the business and don't have any debts, the equity in your business is \$10,000. If you use the \$10,000 as a down payment to purchase equipment worth \$20,000, you would have \$10,000 in debt and \$10,000 in equity.

Equipment

All machinery and equipment used by the business to earn revenue. It has a limited lifespan and thus is subject to depreciation.

Financial Statements

Formal reports, prepared from accounting records, describing the financial position and performance of the business. They comprise the Balance Sheet, the Income Statement and the Statement of Changes in Financial Position. Also see these definitions.

Financing

The term 'financing' refers to money that investors and lenders put into your business. Investors become owners of the business because they're hoping that the business will grow. They'll get a return on their investment when you pay dividends, or if someone else buys their ownership share for more than they paid for it. Lenders don't become owners of your business. They expect to receive their money back with interest within a set period of time.

Fixed Assets

Also called capital assets. Property or equipment, not intended to be sold, owned by a business for use in its operations and expected to have a useful life of several fiscal periods. Included in this are land, buildings, vehicles, furniture and equipment.

Fixed Costs

Amounts that don't vary with changes in the volume of sales or production (e.g., rent, depreciation, interest payments).

Forecast

When you're planning your business, you're often required to estimate or predict what your revenues and your costs will be in the future. This is called a forecast, or sometimes a projection. Forecasts can be made on a monthly, yearly or even multi-year basis. The longer the term, the less accurate the forecast will be.

Funding

The term 'funding' refers to money offered as subsidies or incentives by Governments (First Nation, municipal, provincial and federal) or the private sector. These institutions often provide money to businesses that operate in certain places, or that hire new employees, or purchase new equipment. Funders don't usually expect to be repaid, but they'll expect businesses that receive funding to report on their activities. They'll want to know that you're spending the money as you promised and that you're achieving the intended results (e.g., jobs created).

Gross Profit

Net sales less the cost of the goods sold. It represents the profit made by the business before deducting selling, administrative and financial expenses. It helps to evaluate sales performance, buying policies, mark-ups and inventory controls.

Income Statement

Financial statement showing revenues, expenses and net income of a business over an accounting period.

Intangible Assets

Assets that cannot be touched, weighed or measured. They cannot be used for payments of debts and include goodwill (probability that a regular customer will remain so), patent, trademark, and incorporation costs. They may produce income and can be sold; that is why they're listed under assets.

Interest

Interest is the fee that a lender charges to a borrower. It's usually expressed as an annual percentage of the amount owing. For example, "She borrowed money at 5 per cent to buy a delivery van" means that if she owes \$1,000, she must pay the lender \$50, as well as repaying at least some of the debt (called the principal of the loan) each year.

The word "interest" can also refer to a share of ownership in a business (e.g., Joe has an interest in the Gas Bar).

Inventory

The merchandise and raw materials that a business has on hand to be sold or to be turned into goods to be sold. Each year, a business must count its entire inventory and report it on its Balance Sheet.

Inventory Turnover

Financial ratio that measures the number of times inventory has been sold in a given year. If it's low, it means that products are not selling well.

Investment

When someone invests money (or time) in a business, they do so with the expectation that they'll generate a profit as a result. People may hold investments in many businesses by purchasing shares on a public stock exchange. They may also make an investment of time in developing their own business.

Labour Expenses

Total direct cost to the business for its employees during an accounting period. Includes actual wages paid and cost of all fringe benefits, unless listed separately.

Lease

Legal contract covering the use of property drawn up between an owner (lessor) and a tenant (lessee) for a stated amount of money (rent) and for a specified length of time.

Leasehold Improvements

Renovations and other improvements to the leased property at the expense of the lessee.

Letters Patent

Letters Patent are granted by the Government to certain corporations to permit them to undertake certain activities. Such corporations are usually non-profit or charitable.

Liability

A liability is an amount that is owed by a business, whether to employees, suppliers or lenders.

Licence

A licence is permission to practice a certain business, trade or profession. Licences are also required to operate some kinds of equipment. Obtain information on the licences you require from your Band Office, local government office, or from your industry or trade association. Some licences require specialized training and testing. Remember that everyone who operates a vehicle for your business must have a driver's licence!

Line of Credit

Agreement between a lender and a borrower under which the latter can borrow continuously up to a fixed maximum amount.

Market

The exchange of goods and services, or a place where the needs of one person are satisfied by the offerings of another. A market has at least one seller and one buyer and usually has many more of each. In a free market, every buyer has information about every seller and can decide, based on price and other factors, which product to purchase. Also, a group of consumers that can be described in a specific way (e.g., men aged 25 to 35 with an annual income of over \$40,000 and living in the Toronto area).

Market Segment

Part of a market (e.g., men aged 25 to 35 with an annual income of over \$40,000 who live in the Toronto area and are interested in the arts).

Mortgage

A form of debt that is used to purchase a piece of property (real estate). A mortgage has a fixed term, usually many years, and a fixed payment schedule. It's usually secured, or guaranteed, by the property. That is, if the borrower does not make the required payments, the lender will take ownership of the property. It may not be possible to purchase property with a mortgage on reserve. Check with your Economic Development Officer or Band Office, as rules and programs change frequently.

Net Profit

Total revenue less total expenses for an accounting period calculated in accordance with generally accepted accounting principles.

Net Profit Margin

Net profit divided by sales; expressed as a percentage.

Niche Market

Part of a market segment (e.g., men aged 25 to 35 with an annual income of over \$40,000 who live in the Toronto area and are interested in performance arts).

Opening Inventory

Value of total inventory or number of units a business has on hand at the opening of the accounting period.

Operating Forecast

Anticipated earnings of a business determined by estimating sales and subtracting expected expenses.

Operating Income

Excess of revenue of a business over its expenses, excluding income derived from sources other than its regular activities (i.e., extraordinary income and expenses, income taxes, dividends, bonuses, withdrawals by owners).

Overhead

Costs not directly attributable to the production of a good or service (e.g., salary of factory manager, property taxes).

Partnership

Form of business ownership in which two or more individuals (or companies) provide the equity capital for a business enterprise. Partners share in the profits as well as the losses of the business.

Prepaid Expenses

Expenses paid in advance during an accounting period (e.g., a two-year insurance premium), part of which will be "used up" in the upcoming accounting period. The unused portion of the expense is considered a current asset and recorded as such on the Balance Sheet.

Ratio Analysis

Analysis that compares financial ratios of a business from one year to another to determine the change in performance over time; it also compares financial ratios of a business to that of other similar businesses or to that of its industry to determine its performance in relation to others.

Regulatory Regime

Every business is subject to regulation. Each level of government and every jurisdiction has its own set of rules and regulations. It's essential, before you begin your business, to find out which regulations will apply to you and what you must do to comply with them. Sometimes regulations are enforced by industry itself, so also check with your industry or trade association to find out what the rules are.

Retained Earnings

Profits not spent or distributed among owners of a business, but reinvested in it.

Return (on Assets)

Financial ratio that indicates how efficiently the business has used its available resources to generate income.

Return (on Investment)

Financial ratio that measures the profitability of the business for its shareholders.

Resource Management

The availability of raw materials may be controlled by governments that limit access to certain resources. For example, there may be limits on how much ground water can be withdrawn by a supplier of bottled water. There may be limits on how many fur-bearing animals can be harvested in a particular season. By restricting supply, governments manage the wellbeing of the resource and the community; the effect on business is to drive up the cost of the raw material and the value of everything produced from it. In every case where your business relies on access to natural resources, work with your Band Council to find out what this means for you.

Revenue

Gross proceeds received by a business from the sale of goods or services during an accounting period. It also includes gains from the sale or exchange of assets, interest and dividends earned on investments and other increases in owner's equity.

Sales

Total value of goods sold or revenue from services rendered. Returns and discounts must be shown as a reduction from total sales.

Selling Expenses

Operating costs directly related to the selling of a product or service (selling salaries, commission, advertising, etc).

Sole Proprietorship

Form of business owned and operated by one individual who is responsible for the debts and obligations of the business.

Statement of Changes in Financial Position

Financial statement showing the fluctuation of capital of a business over an accounting period.

Supply Chain

A supply chain is the network of businesses that take a raw material, transform it and bring it to the end consumer. The supply chain links the forest, field, or mine, to processing, manufacturing, packaging, shipping, displaying and ultimately selling. The supply chain includes purchasing, inventory management, warehousing and many other functions. A business may be involved in only one link in the chain, or may be involved in many of them.

Term Loan

Loan having a fixed term of repayment greater than one year, and a monthly or seasonal principal reduction schedule.

Total Debt-to-Equity Ratio

Financial ratio that measures the solvency for the business: if this ratio is high, the business is at higher risk of not meeting its obligations should a drop in sales occur.

Transaction

A sale or transfer of goods or services in exchange for money.

Variable Costs

Expenses that vary directly with changes in the volume of sales or production (e.g., raw material costs and sales commissions).

Working Capital

Financial ratio that measures the amount of cash a business has to develop itself as opposed to the capital it has invested in fixed assets. A high ratio means the business can convert some assets into cash or obtain cash readily to meet its current obligations and represents a safety cushion for creditors.

CASH FLOW TEMPLATE

(As referenced on Page 40)

	At Start-up	After 3 months	After 6 months	After 9 months	After 1 year
Cash Inflows (All money coming in to the business)	\$				
Sales					
Bank Loan					
Grants					
Other lenders					
Owners Cash Investment					
Total Cash Inflows (Add the lines together)					
Cash Outflows (All money going out of the business)					
Cash Expenses					
Equipment/Fixtures					
Leaseholds					
Business regulatory and legal fees					
Marketing					
Inventory purchases					
Bank Loan Repayment					
Other lenders Repayment					
Owner's payment					
Total Cash Outflows (Add lines together)					
Net Cash Flow (Subtract Outflows from Inflows)					
Opening Cash Position (equals Ending Cash Position from previous period)					
Ending Cash Position					

INCOME STATEMENT TEMPLATE

(As referenced on Page 21)

Category	\$
REVENUE FROM SALES	
Product 1	
Product 2	
Service A	
Service B	
Other (e.g., Bank Interest)	
TOTAL REVENUE (Add all of the above lines together)	
COST OF SALES (A + B - C)	
A Opening Inventory	
B Purchases	
C Ending Inventory	
GROSS PROFIT (TOTAL REVENUE - COST OF SALES)	
EXPENSES	
Operating Costs	
Wages	
Salaries (including Manager/Owner)	
Employment expenses (EI, CPP, WCB)	
Materials	
Equipment lease or amortization costs	
General and Administrative Costs	
Advertising and Promotion	
Internet and Telephone	
Insurance	
Rent	
Utilities	
Depreciation	
Financial Costs	
Bank charges	
Credit card charges	
Bad Debts	
Interest	
TOTAL EXPENSES	
NET INCOME (GROSS PROFIT - TOTAL EXPENSES)	

BDC BUSINESS PLAN TEMPLATE

(As referenced throughout Chapter 3)

BUSINESS PLAN

SECTION 1

BUSINESS OVERVIEW



LEGAL NAME ▶

TRADING
NAME ▶

BUSINESS
ADDRESS ▶

PHONE ▶

FAX ▶

E-MAIL ▶

DESCRIPTION OF THE
BUSINESS ▶

MAJOR
DEMOGRAPHIC,
ECONOMIC, SOCIAL
AND CULTURAL
FACTORS ▶

MAJOR PLAYERS ▶
(suppliers, distributors,
clients)

NATURE OF THE
INDUSTRY ▶

TRENDS IN
THE INDUSTRY ▶

GOVERNMENT
REGULATIONS ▶



THE MARKET

MARKET
SEGMENT ▶

PRODUCTS
& SERVICES ▶

PRICING AND
DISTRIBUTION ▶

MARKET TRENDS ▶

IMPLICATIONS OR
RISK FACTORS ▶

PLANNED
RESPONSE ▶

COMPETITION

COMPETITORS
AND TYPE OF
COMPETITION ▶

COMPETITORS'
STRENGTHS AND
WEAKNESSES ▶

COMPETITIVE
ADVANTAGE ▶

BUSINESS PLAN

SECTION 2

SALES & MARKETING PLAN



CUSTOMERS ▶

NAME/ADDRESS

TERMS

PRODUCT/SERVICE

1

2

3

4

▼ ADDITIONAL INFORMATION

SUPPLIERS ▶

NAME/ADDRESS

TERMS

PRODUCT/SERVICE

1

2

3

4

5

▼ ADDITIONAL INFORMATION

ADVERTISING
& PROMOTION ▶

PRICING
& DISTRIBUTION ▶

CUSTOMER
SERVICE POLICY ▶



LOCATION ▶

▼ SIZE AND CAPACITY

▼ ADVANTAGES OR DISADVANTAGES

▼ LEASE OR OWNERSHIP DETAILS

EQUIPMENT, ▶
FURNITURE &
FIXTURES

FUTURE ▶
EXPENDITURES /
TECHNOLOGY
REQUIREMENTS

RESEARCH AND ▶
DEVELOPMENT

ENVIRONMENTAL ▶
COMPLIANCE

ADDITIONAL ▶
INFORMATION



KEY EMPLOYEES	▶	NAME OR TITLE (N° OF POSITIONS)	KEY RESPONSIBILITIES	QUALIFICATIONS
		1		
		2		
		3		
		4		
▼ ADDITIONAL INFORMATION				

POLICIES & PROCEDURES

HOURS OF
OPERATIONS ▶

NUMBER OF EMPLOYEES ▶

VACATION
PROGRAM ▶

PERFORMANCE
ASSESSMENT ▶

TRAINING &
DEVELOPMENT ▶

REMUNERATION AND
BENEFITS ▶

BUSINESS PLAN

SECTION 5

ACTION PLAN



ACTION PLAN ▶

ACTION

BY WHEN

1

2

3

4

5

6

7

▼ ADDITIONAL INFORMATION



OBJECTIVES /
DESCRIPTION OF
THE PROJECT ▶

BUSINESS HISTORY
/ NATURE OF
OPERATIONS ▶

PRODUCTS AND
SERVICES ▶

PROJECT
FINANCING ▶

MANAGEMENT /
ADVISORS ▶ **Director 1**

Director 2

RISK ASSESSMENT
& CONTINGENCY
PLAN ▶



FINANCIAL
INSTITUTION ▶

SUPPORTING
DOCUMENTS ▶

NOTES



